DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES
HOUSE OF COMMONS

FOURTH SESSION—SEVENTEENTH PARLIAMENT

23-24 GEORGE V, 1933

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HOUSE OF COMMONS
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House of Commons Debates

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Wednesday, February 22, 1933

The house met at three o'clock.

BANKING AND COMMERCE

Mr. R. C. MATTHEWS (Toronto East Centre) presented the first report of the select standing committee on banking and commerce and moved that the report be concurred in.

Motion agreed to.

BUSINESS OF THE HOUSE

PRECEDENCE FOR GOVERNMENT BUSINESS ON MONDAY AND WEDNESDAY

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

That on and after Monday, the 27th instant. and all subsequent Mondays and Wednesdays till the end of the session, government notices of motion and government orders shall have precedence over all other business except questions and notices of motions for the production of papers and private bills on Mondays.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I do not rise to oppose the motion, but to ask my right hon. friend if he will allow it to stand until Friday? The reason I make the suggestion is that I know there are a number of hon. members who would like to speak on the resolution of the hon. member for Winnipeg North Centre (Mr. Woodsworth) and who have not yet had opportunity so to do. It is possible that that opportunity may be accorded to-morrow, in which event, as far as the Liberal opposition is concerned, we will be quite agreeable to having this motion carried. But, if that opportunity should not present itself to-morrow I would ask my right hon. friend to permit us to have Monday of next week for that purpose.

Mr. BENNETT: I shall be glad to let the motion stand until Friday. The motion need not now be put, Mr. Speaker. But I point out that Monday would not be a day on which that motion could be further discussed.

Mr. MACKENZIE KING: Would it not follow immediately after the private motions?

Mr. BENNETT: As it reads it is "on and after Monday the 27th instant." We would have to make an exception of next Monday.

Mr. MACKENZIE KING: On Friday, if necessary, I shall ask for the extension, otherwise not.

Motion stands.

RAILWAY COMMITTEE

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

That the name of Mr. Munn be substituted for that of Mr. Vallance on the select standing committee on railways, canals and telegraph lines.

Motion agreed to.

NEWFOUNDLAND

ROYAL COMMISSION TO INQUIRE INTO FINANCIAL SITUATION AND PROSPECTS

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I desire to make a statement with respect to Newfoundland. A similar statement is being made in the British House of Commons to-day, and in Newfoundland.

His Majesty has been pleased to appoint the following to be a royal commission for the purpose of examining into the future of Newfoundland, and in particular of reporting on the financial situation and prospects therein: The Right Hon. Lord Amulree, C.B.E., K.C., nominated by His Majesty's government in the United Kingdom, chairman; Mr. C. A. Magrath, LL.D., nominated by His Majesty's government in Canada; Sir William Stavert, K.B.E., nominated by His Majesty's government in Newfoundland. Mr. P. A. Clutterbuck, M.C., of the Dominions Office will act as secretary.

Mr. WILLIAM DUFF (Antigonish-Guysborough): May I say that the other day when my question came up with regard to the amount of bonds that Canada had guaranteed or paid for the Newfoundland govern-

ment, I dropped it expecting that the Prime Minister would give a statement in answer to my question. His statement to-day does not refer at all to that matter.

Mr. BENNETT: Under questions I will make a reference to it.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Regarding the royal commission to which the Prime Minister has just made reference, does the commission issue from the British Government? It is not from our government?

Mr. BENNETT: I thought I had made it clear that it was issued by His Majesty in London.

WORLD ECONOMIC CONFERENCE

Right Hon. R. B. BENNETT (Prime Minister): A few days ago the hon. member for Winnipeg North Centre (Mr. Woodsworth) spoke of the desirability of members of the house being able to obtain a copy of the draft annotated agenda submitted by the preparatory commission of experts. I have looked into the matter since and with the consent of the house it is proposed to ask that copies be printed in English and French for distribution to members of the house. I have not made the motion to-day, in order that the leaders of the opposition might be able to determine what numbers they think should be printed both in English and French. I will make the motion on Friday in the light of the knowledge which by that time will have been received as to the number of copies thought desirable to print. Representations have been made that some hon. members would like to have a copy or two, rather than a single one, in order that they might be able to discuss matters with some of their constituents.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

RADIO COMMISSION—STATEMENTS

Mr. CASGRAIN:

Are the statements issued by the radio commission at Ottawa published in French?

Mr. CASGRAIN: Dropped.

Question dropped.

COLONEL W. H. CRAIG

Mr. CASGRAIN:

1. Has Colonel W. H. Craig, of Kingston, been appointed permanently or temporarily inspector of penitentiaries?

[Mr. Duff.]

2. If so, what are his particular qualifications for this position, and what experience has he in the management or administration of penitentiaries?

3. Has the position been advertised by the Civil Service Commission?

4. Has Colonel W. H. Craig applied for the position of warden of the Kingston penitentiary on the two last occasions when that position was advertised and was his application refused?

5. Did he receive any preference for overseas service or otherwise?

6. Who recommended him to the Minister of Justice?

Mr. CAHAN:

1. The Civil Service Commission has issued a temporary certificate at the request of the Department of Justice for the temporary employment not exceeding three months from the 16th January, of Lieut. Col. William H. Craig.

2. As the department has stated that it is necessary that the person filling this position should have some experience in auditing and accountancy, and as Colonel Craig is a chartered accountant, he was selected on the recommendation of the department to temporarily fill the vacancy. His application does not indicate that he has had any experience in the administration of penitentiaries.

3. Yes.

4. Yes, and he along with other applicants was considered.

5. Colonel Craig was entitled to the overseas active service preference.

6. No recommendation to the Minister of Justice.

GENERAL W. ST. PIERRE HUGHES

Mr. CASGRAIN:

1. When was General W. St. Pierre Hughes retired as superintendent of the penitentiaries?

2. Did he retire voluntarily or was he asked to take his superannuation?

3. When was a successor appointed; were applications asked for by the Civil Service Commission and was a board appointed by that commission to examine the qualifications of the various candidates?

4. How many applicants were examined and was there a rating prepared by the board of examiners?

5. Who was the candidate recommended by the Civil Service Commission to the Department of Justice?

6. Was there a list prepared by the Civil Service Commission of the various candidates according to their qualifications and order of merit for the appointment?

7. What was the rank of General D. M. Ormond on that list?

8. Was he the candidate recommended as first choice by the Civil Service Commission, and if not, why was he selected in preference to the others?

9. Had General D. M. Ormond any experience in the administration of penitentiaries or prisons?
10. What were his special qualifications for the appointment?
11. By whom was he recommended to the Minister of Justice?

Mr. CAHAN:

1. August 1, 1932.
2. Retired under Civil Service Superannuation Act on account of age.
3. (a) A certificate of appointment was issued May 12, 1932. Appointee reported for duty August 1, 1932. (b) Yes.
4. Sixty, and a report was made by the Board of Examiners.
5. Brigadier-General Daniel Ormond, C.M.G., D.S.O. and bar, Croix de Guerre (French), Russian Order of St. Stanislas, third class, with swords.
6. The procedure was as follows: (a) All applications examined; (b) applicants not entitled to the returned soldier preference set aside (eleven); (c) particular examination of qualifications of forty-nine returned soldier applicants, eliminating those not considered qualified for any reason such as age, physical condition, education, experience, executive experience, administrative ability, and so forth. This resulted in all but five candidates being eliminated; (d) five outstanding candidates considered; (e) a list was prepared containing two names.
7. First.
8. Yes.
9. No.
10. Special executive and administrative experience in important commands in the Canadian Expeditionary Force and, since the war, in commanding military districts in Canada; his legal training (having practised as a barrister before the war) was also of considerable value in filling a position of superintendent of penitentiaries.
11. No recommendation made to Minister of Justice.

CRUISERS COLBOURNE AND CHOMEDY

Mr. HEENAN:

1. What is the total number of coloured cooks, stewards and firemen employed on the Vagabond cruisers, Colbourne and Chomedy, sailing between Canada and the West Indies?
2. What percentage of the above are coloured Canadian citizens?

Mr. MANION:

1. The coloured ratings on each of these vessels consist of three cooks, seven stewards, and eight firemen, a total of 36.
2. All are West Indians except the three cooks on the Chomedy, who are Canadians.

*NICKEL INDUSTRIES

Mr. SPENCER:

How much control has the federal government over the nickel industries in Canada?

Mr. BENNETT: I think this is hardly a proper question. It is well known, of course, that all the nickel is mined in provinces that have control of their resources, though of course it might be possible for the parliament of Canada to pass an export act. It might be answered that the jurisdiction and control of the federal government are set out in section 91 of the British North America Act, but that answer would not assist the hon. member very much. I suggest that the question be withdrawn, because it would merely be answered in the way I have indicated. I do not want to be unfair at all.

Mr. SPENCER: Dropped.

Question dropped.

QUEBEC, MONTREAL AND SOUTHERN RAILWAY

Mr. TETREAULT:

1. Was the Quebec, Montreal and Southern Railway purchased by the Canadian National Railways?
2. If so, how much money was paid for this railroad?
3. Who was it paid to?
4. Who were the owners?
5. How many miles of track were sold?
6. How long was this railway operated by the Canadian National?
7. Is this service discontinued on the whole of the railroad, and if not, on how many miles?
8. How much rolling stock was acquired with the purchase?

Mr. MANION:

1. Yes; in accordance with the provisions of chap. 15, 19-20 George V (Canada) 1929.
2. Six million dollars.
3. To the Quebec, Montreal and Southern Railway Company.
4. The Quebec, Montreal and Southern Railway Company.
5. One hundred and ninety-one miles.
6. Since July 16, 1929.
7. Service has been discontinued between St. Hyacinthe and Noyan, a distance of 50·03 miles, and between Fortierville and Becquets, a distance of 4·7 miles, a total of 54·73 miles.
8.

Locomotives	14
Freight car equipment	1,441
Passenger car equipment	17
Work equipment	18
Self-propelled passenger cars	3
Total	1,493

RADIO COMMISSION—COMMUNICATIONS

Mr. CASGRAIN:

Are the communications, orders, directions and instructions issued by the radio commission to the various radio stations throughout the country, published in French?

Mr. DURANLEAU: The following information has been furnished by the Canadian Radio Broadcasting Commission:

Communications, orders, etc., addressed to French stations are sent in the French language. Official news is prepared in both languages for the press. No general regulations have been issued, pending the renewal of licences in a few weeks, but will be issued in both languages.

GRAIN APPEAL BOARD

Mr. COOTE:

Who are the members of the Grain Appeal Board at Calgary and on what date were said parties appointed?

Mr. STEVENS: G. Hill, (chairman), appointed August, 1925; C. W. Roenisch, J. A. Harris, W. McLeod, E. J. Munson, A. Pierson, appointed August, 1925; Willard Cumming, appointed October, 1925; F. T. Allison, appointed September, 1932; F. W. Mackenzie, (secretary), appointed October, 1930.

TIE CONTRACTS—ALBERTA

Mr. SPENCER:

1. How many tie contracts were given during the fall and winter of 1932-1933 in the province of Alberta from: (a) the Canadian National Railways; (b) the Northern Alberta Railways?
2. To whom were contracts awarded?
3. How many ties were supplied through each contract?
4. What price was paid in the case of each contract?

Mr. MANION: The Department of Railways and Canals has no information with respect to the tie contracts of either of these railroads. The Northern Alberta Railways are not owned by the government, but are jointly owned and operated by the Canadian National and the Canadian Pacific railways.

The questions relate to the business administration of the Canadian National Railways, the management of which does not consider it in the interests of the railway, nor in the general public interest, to publish information the production of which is not required of privately-owned railways.

EASTERN CAR COMPANY, LIMITED

Mr. RALSTON:

1. Has the government participated in any financial arrangements respecting the recent purchase of 500 cars from the Eastern Car Company, Limited, for the use of the Canadian National Railways?
2. If so, what were the terms of such participation?

Mr. MANION:

1. The order in question was placed by the railway, with the approval of the government, as an unemployment relief measure.

2. It is subject to certain conditions such as rotation of labour and the spreading out of the period of employment by arranging that delivery shall not exceed eight cars per day. In addition, payment for the cars is required to be deferred until January 2, 1934, the company meanwhile to make its own financial arrangements.

*ADVANCES TO NEWFOUNDLAND

Mr. DUFF:

1. What amount, if any, was advanced by the government of Canada to the government of Newfoundland about January 2, 1933, to pay the interest on part of Newfoundland's bonded indebtedness?
2. What was the total amount of interest owing by Newfoundland on or about that date, and the rate of said interest?
3. What security has the Dominion of Canada for said loan?
4. What are the terms regarding payment of said amount loaned by Canada, and the interest rate?
5. What is the total amount of Newfoundland's bonded and other financial indebtedness?

Mr. BENNETT: The first of these questions was answered by the Minister of Finance (Mr. Rhodes) on February 7, at page 1874 of Hansard. The answer to the second question is as follows: According to the information available the interest payable by the government of Newfoundland on January 1, 1933, amounted to $2,482,450, including $180,000 for exchange. The rate of interest on the various loans outstanding ranged from 3½ per cent to 6 per cent per annum. Questions 3 and 4 were answered by the answer to the first question. In reply to the last question, according to the information available the total external debt of the government of Newfoundland on January 1, 1933, was approximately $95,000,000.

QUESTIONS PASSED AS ORDERS FOR RETURNS

GRAIN ELEVATORS—OWNERSHIP AND MANAGEMENT

Mr. COWAN (Port Arthur):

Regarding ownership, management and control of grain elevators built at public expense: (a) where are such elevators located; (b) who owns the said elevators; (c) by whom are such elevators operated; (d) are such elevators operated as public elevators or as public terminal elevators; (e) which of these elevators are operated under control of the Department

of Trade and Commerce and also under control of Department of Railways and Canals; (f) what elevators are managed by harbour commissions; (g) what was the cost of such elevators built at public expense and what is the capacity of each; (h) what was the cost of operation and the revenue for the last year that report is available for each elevator?

FISH DOCK—VANCOUVER

Mr. MacINNIS:

1. What was the estimated cost for the construction of the fish dock built by the Vancouver Harbour Commissioners at Vancouver, and was the original estimate approved by the Department of Marine?
2. What amount was included in the original estimate for property charges?
3. What was the total cost of the work when completed?
4. Was any amount allowed for extras; if so, how much?
5. Did the commission's engineering department make the original plans and specifications and what disposal was made of these, with charges made, and was the design radically altered for construction purposes?
6. What amounts were paid, and to whom, for any property damages, encroachment or otherwise, with description and cause, respectively?
7. What were the dates of employment, amounts paid to, and the name of each person, in connection with engineering distributed as for plans and supervision outside the commission's organization, and on what date was work completed?
8. Who comprised the commission when this work was inaugurated, and who when completed?

TRANS-CANADA HIGHWAY

Mr. MYERS:

1. Is the government proceeding with the construction of the trans-Canada highway?
2. What mileage of said highway has been completed since the present government took office?
3. When may we expect a beginning to be made in the Prince Edward Island section of this highway?

MOTIONS FOR PAPERS

CONSTRUCTION WORK—DETROIT RIVER

Mr. GOTT:

For a copy of all letters and documents in connection with the investigation of labour conditions and employment on the international channel construction work in progress in the lower Detroit river, including the full report of the immigration officer, or officers, of the Windsor immigration staff, or other officials of the department making the investigation.

QUEBEC MUNICIPAL ACT

Mr. LAURIN:

For a copy of all correspondence between the Department of Justice and the government of the province of Quebec relating to the power of the Quebec legislature to pass the Quebec Municipal Act.

MAISONNEUVE, QUE.—POST OFFICE

Mr. JEAN:

For a copy of all contracts, letters, and other correspondence exchanged between the government and the city of Montreal, respecting the purchase of the old city hall of the former city of Maisonneuve, and the establishment of a new post office in Maisonneuve ward.

GENERAL W. ST. PIERRE HUGHES

Mr. CASGRAIN:

For a copy of all documents, reports, letters, telegrams, applications, ratings, recommendations and all other papers on the files of the Civil Service Commission and the Department of Justice concerning the vacancy created by the retirement of General W. St. Pierre Hughes, superintendent of penitentiaries, and the appointment of his successor, General D. M. Ormond, of Calgary.

ST. GEDEON, QUE.—WHARF

Mr. DUGUAY:

For a copy of the original paysheets for the month of June and the period extending from April 1 to July 15, respecting work carried out at the wharf at St. Gedeon, Lake St. John, in 1930.

DOCTOR J. E. BLONDIN

Mr. ROBERGE (for Mr. Dubois):

For a copy of all telegrams, complaints, correspondence, petitions, reports, communications and other documents, respecting the dismissal of Doctor J. E. Blondin of Bécancour, county of Nicolet, as medical attendant to the Abenakis in that locality.

ST. ANGELE DE LAVAL, QUE.—WHARF

Mr. CHEVRIER (for Mr. Dubois):

For a copy of all telegrams, letters, petitions and other documents exchanged between the Department of Public Works and Mr. Maurice Carbonneau of St. Angele de Laval, county of Nicolet, respecting improvements and repairs carried out at the wharf in that locality during 1932.

J. E. LANDRY

Mr. FAFARD:

For a copy of all letters, requests, correspondence, complaints and other documents exchanged between the national revenue department and any individual, with respect to the dismissal of J. E. Landry, subcollector of national revenue at Matane, Quebec, in 1928.

C.G.S. ARRAS

Mr. MacLEAN:

For a copy of all correspondence, telegrams and other documents, which passed between the Department of Fisheries or any member of the government, or any department thereof, regarding the firing of a live shell by the C.G.S. Arras, at Cape Wolfe, Prince Edward Island, last summer; also a full report of the investigation held at Halifax, Nova Scotia, into this matter, giving a copy of all evidence taken, together with the names of all parties examined in connection with the said investigation.

PEACE RIVER RAILWAY OUTLET

Mr. D. M. KENNEDY (Peace River) moved:

That, in the opinion of this house, the Peace River country should be connected by a direct railway outlet to the Pacific coast.

He said: I realize that the house may be somewhat impatient at the introduction once more of this subject, because I have spoken on it so many times in this chamber. Every time I rise now to discuss the subject I am reminded of the predicament of a Presbyterian minister in Scotland who preached the same sermon on two succeeding Sundays. Two of his elders were busy complaining about it when the beadle came up and asked them what the sermon was about. Neither of them knew, so the beadle said, "We shall have to ask the minister to preach that sermon again." That is the reason I am bringing up again this question of a direct outlet for the Peace River country, notwithstanding the fact that this is the tenth or twelfth debate on it; for it is still a matter that calls for action.

I do not want to take up much of the time of the house this afternoon dealing with statistics or in any unnecessary repetition because I think the subject is pretty well known to hon. members. The Peace River country was settled about 1910, and from 1910 to 1920 a population of 20,000 settlers became established in that district. We had another wave of settlement between 1927 and 1931. During those years about 1,000,000 acres of land were developed and intensely cultivated, and about another 5,000,000 acres were alienated from the crown to settlers. The population in 1920 stood around 20,000 and to-day it is 40,000.

A great many people ask why settlers went into that country. Well, they went chiefly because the Canadian Northern Railway in 1910 was surveying a route through to the Pacific coast, through the Peace River country, via Grande Prairie, and on westward to the Pacific. I remember being told in 1911 in Grande Prairie by some Canadian Northern Railway engineers that inside of three years we should have direct connection with the Pacific coast. However, the Canadian Northern story is familiar to the house. That railway was not built through, but later the Edmonton and Dunvegan railway was built from Edmonton to the Peace River country, and that is the railway that serves that country to-day.

We were promised an outlet in 1911. In 1922 Sir Henry Thornton made a statement regarding the conditions under which he as head of the Canadian National Railways would be willing to recommend an outlet. This statement of his has been abused and misrepresented. The statement was to the effect that when the Peace River country produced 10,000,000 bushels of wheat for three successive years, or the equivalent in tonnage for export, he would be willing to recommend the construction of a Peace River outlet. I shall not take up the time of the house going into details. Suffice it to say that we have reached the point not of 10,000,000 but of 12,000,000 bushels and if you take the equivalent tonnage in cattle, timber and so on you will find that we have had that 10,000,000 bushels or the equivalent in tonnage not for three years but for five or six.

The Peace River outlet has been promised by the leaders of the two great parties in every election since 1924—definitely in 1925 and 1926 as well as in 1930, and also in this house. We have had surveys made of every available route. I do not believe there was ever any piece of projected railway better planned or with regard to which there was fuller investigation than in connection with the Peace River outlet. We have had almost continuous surveys since 1922. A few years ago the Canadian Pacific Railway made an airplane survey of every pass north from Yellowhead pass to the boundary of Alaska; I believe that every tree, every mound and every possible route westward to the Pacific is well known. If there is any merit in the matter of planning, in planned economy with respect to railway construction, I do not think there was ever a railway that was planned with more knowledge of all the facts than is available in connection with the Peace River outlet.

The recommendations of the engineers who have investigated this matter have been rather discouraging, I will admit. I remember in 1926 they told us of the millions we should lose if we built the outlet—possibly a million a year. They implied at least that the Edmonton Dunvegan would never pay, and that if the outlet were built the Edmonton Dunvegan would be ruined. I do not know of a single solitary statement made by the engineers regarding the possibility of the Dunvegan paying, or regarding the possible development of the Peace River, that has not been proved wrong in the intervening years. The Dunvegan railway paid in 1927 and I will claim this—and it is true, as the figures will show—that notwithstanding the recession in railway earnings since 1927, the operating ratio of the railway serving the Peace River country shows a more favourable result than do the railways throughout the rest of Canada to-day.

We were told by the engineers in the committee in 1927 that there was land in Manitoba which had had railway service for forty years and which was not developed, and that there could be no possibility of developing the bush lands in Peace River. The fact is that the settlers have pushed back into this bush land in the last two or three years some sixty or seventy miles from the railway and they are in process of developing them and clearing them for farming to-day.

And what about these engineers? What were they doing in connection with the railways in Canada at that time? They were opposed to the Peace River outlet, while at the same time they were helping to spend from $30,000,000 to $60,000,000 in unnecessary duplication of services in Canada, in needless competition, if the reports of the newspapers can be relied on with regard to the railway investigation that has been going on during the last twelve months. They were recommending the expenditure of millions in unnecessary hotels all over the country, and yet they were desperately keen to save the country the expenditure, for permanent development of Peace River country, of a few millions, less than one-third of what they were losing in unnecessary duplication of services in Canada annually. I am therefore not at all impressed now any more than I was in 1927 with the recommendations that were made by the engineers, in view of the fact that, as I know, so many of their findings were altogether wrong.

Of course, the financial situation in Canada must be considered. There may be difficulty in the way, especially in view of the announced policies of the government with regard to sound money and so on, but in my judgment we cannot keep 800,000 people indefinitely on relief in Canada. How long can we continue to deal with direct relief in this manner? Can we afford to keep 800,000 people permanently or for an indefinite period? Can we afford to continue a situation where the time and energy of these people are being lost in the development of this country?

I should like to quote the Macmillan report upon the difficulties of again getting things going. This committee was dealing with the question of having abundantly cheap money and getting it out to work, and the following appears on page 136 of the report:

> It is for these reasons that central banks should favour a persistent and determined policy to maintain an abundance of cheap credit in their domestic money markets, sufficient both to satisfy the unusually large demands for liquid resources due to nervousness in the financial world and also to support any new productive enterprises coming forward.

And again:

> The greatest difficulty, however, which we foresee is the fulfilment of the second task, namely, to remedy the shortage of definitely sound borrowers for the purpose of new enterprise. The vicious circle is complete. The decline of new enterprise has reacted adversely on profits and prices, and the new level of profits and prices stand in the way of new enterprise. It is for this reason that some of us think that in the domestic field it may be necessary to invoke governmental enterprise to break the vicious circle.

I think the most common sense proposal that can be made for the breaking of the so-called business cycle, inflation and deflation, is that of planned public works. We should hold down public works during boom periods and increase them during depressed periods. I do not think anything more sensible could be proposed. If we had started this in 1925 or 1926 it might have been easier for us to-day, but we must start some time and it seems to me that it would be more sensible to utilize many of our unemployed in building a Peace River outlet than to continue to keep them on direct relief. Many of the settlers in the Peace River district who need work dislike being upon direct relief. I do not know of anything that has pleased me more during the years I have been in public life than the many expressions of regret I have heard from people in the Peace River district and elsewhere at having to be upon direct relief. Man after man has said to me: I do not want direct relief, I want to work. A great percentage of those on direct relief would prefer to be doing something and creating a permanent asset for themselves and for the Dominion of Canada.

This is one public work that could be undertaken with reasonable prospects of its being a real asset for the dominion, and it would also relieve to some extent the situation confronting the country. We have heard a great deal about the duplication in railways. If the newspaper reports of the investigations that have been going on in Canada are correct, one of our chief troubles is duplication of railways. But there would be no real duplication here. We have one fifth more economic acres of land to every mile of railway in the Peace River country than they have in general throughout the prairie provinces. The prairie provinces have 5,000 economic acres of land to every mile of railway, whereas, according to any of the surveys made, we would have 6,000 acres per mile of railway. Our yields per acre have been just a little better throughout the years than the average yield in the prairie provinces.

I want to advance another argument which I used before. Many people have left the

older settled districts because of adverse weather conditions and have settled in this new country. These people have left the southern districts because of dry weather or because their land was blown out and they have endeavoured to establish themselves in this new country. I ask the government and the house: In view of the courage these people have shown in going out to start over again, can we say to them that we cannot afford to build the necessary railway? I do not think we can afford to say that, and I do not think we ought to say that to these new settlers.

I was reading the February number of the National Revenue Review a few days ago and I noticed the following on page 18:

A Sense of Humour Left

A prairie farmer questioned by an income tax inspector regarding his income over a period of years, wrote as follows:—"You asked about my crops for the last five years; well I'll tell you. In 1924 I was dried out; in 1925 I was hailed out; in 1926 I was frozen out; in 1927 I was blown out, and in 1928 I just walked out and I'm still out."

There are many people in the Peace River country who went through similar experiences. They have settled in the park areas of the Peace River district in an effort to reestablish themselves, and I do not think that we should say to them that they must wait an indefinite time before they can get railway connection.

Many people will say that this will cost $10,000,000 and we cannot afford it. I ask the government to decide definitely what the outlet will be and then build it as rapidly as we can afford. There are many settlers sixty and seventy miles from a railroad and they have done everything humanly possible to prevent their becoming a charge upon the dominion, the provincial or the municipal authorities. In spite of all their efforts some of them have been forced to take relief, and I submit that if we had a plan, if we could decide upon an outlet and go at it gradually, we could give these people such relief as would permit them to become definitely established in this new country.

There may have been difficulty in the years gone by in bringing about railway development in the new districts of the north owing to the fact that because of weather conditions the settlers might leave the southern districts of Alberta and Saskatchewan where railways and roads were already established and go into the north. But I think the period of intensive development in the southern areas of Saskatchewan and Alberta is past and in the future will be in the sections of those provinces that are most like Ontario and Quebec where there are many trees and enough shelter so that the rain when it comes will stay there and do good, rather than be drawn off by the wind; at least this will be the case until such time as tree planting can so advance on the southern areas of those provinces that we may have some protection against the wind. Because of that additional fact I submit that we can reasonably expect this development will be justified.

It may be rather difficult for hon. members who live in the older sections, and who can hardly travel twenty miles in any direction without crossing two or three railway tracks, to realize the position of settlers who have gone out into a new district sixty or seventy miles from a railway. It may be easy enough to pass the matter off by saying: "It is no concern of ours," but as a national duty the time has come when we ought definitely to deal with the situation.

Some of the settlers in Peace River and a number of boards of trade have been passing resolutions calling for a bonus on grain for export out of Peace River. Possibly the fact that I was anxious for the continuation of the bonus on wheat caused some of them to think this was a good thing to ask for until such time as the outlet was built. They are asking that Edmonton and Peace River be put on the grain export freight basis. There is a difference of about ten cents a hundred in the grain freight rate from some portions of Peace River, for instance, Dawson Creek in the constituency of the hon. member for Cariboo (Mr. Fraser), and a difference of about six cents in the central portion in my constituency. This would of course cost a few hundred thousand dollars a year, but I wish to bring to the attention of the government the fact that, pending the construction of the outlet, they are asking for this very thing. To-day the price of wheat in Peace River is twenty-four cents or less; it has been down below twenty cents. Before the adjournment last November I submitted to the house figures from government publications showing that on the best possible basis it cost about fifty cents to produce a bushel of wheat. Yet the farmers in Peace River are to-day getting about twenty to twenty-five cents a bushel even for No. 1 northern—and it is not all No. 1 northern, although I am pleased to say that a great proportion of it is. Even if Peace River were to be put on the same basis as Edmonton, this would not meet the situation in the newer districts. Therefore I want to bring the matter to the attention of the government again and to urge action with all the earnestness of which I am capable. I am not asking them to launch out on a huge program of

expenditure. I want the route settled and sufficient of it built in the near future to meet the needs of the present settlers with completion of it as soon as possible; but it is necessary that sufficient be built to meet the requirements of the actual settlement areas where people have come from the rest of the prairie provinces where they have been dried out or hailed out, and are anxious to establish themselves in new homes and to keep themselves from being relief charges on the Dominion of Canada.

Hon. R. J. MANION (Minister of Railways): Mr. Speaker, in replying to the hon. member for Peace River (Mr. Kennedy) I shall not take up much of the time of the house, although I assure him it is not my desire to give him a short answer. I should like very heartily to congratulate him on his activity in this regard. I have been in this house for a number of years and, indeed, for some years before he became a member, but since he has been in the house he has been persistent and consistent in his advocacy of the building of this railway. He deserves great credit for the active way in which he has worked for his great section of country, a new empire in the far northwest, and I say in all sincerity that I trust he will be long enough in the house to see his ambitions in that regard fulfilled.

Mr. HANBURY: Perhaps his own government can have that done.

Mr. MANION: That is quite possible, although I am afraid if he waits that long he will be a centenarian. I hope some day, possibly in the years to come, this government may be able to have this railway built, but at the present time, owing to the financial situation not only of the dominion but of the railways, this is not at all likely during the present year.

Last year, speaking on this question in reply to my hon. friend, I reviewed the situation pretty thoroughly, so that it is not necessary to go into it in detail to-day. I shall, however, just read the report which I put on Hansard of the three engineers who made the most recent investigation into the whole project. Their opinion is explicit; it is that of the Canadian Pacific engineer, the Canadian National engineer, and the third engineer who was appointed, I think, as chairman, so that it is authoritative. The three engineers were J. M. R. Fairbairn, chief engineer of the Canadian Pacific Railway; C. S. Gzowski, chief engineer of construction of the Canadian National Railways, and C. R. Crysdale, consulting engineer of British Columbia, a man who apparently was acceptable to all parties to the question at the time. The final summing up of their report is as follows:

In view of the above—

They had reviewed the whole situation.

—our conclusions are:

1. No western outlet is justified for the present, as the existing railway furnishes the most economical route. It will take many times the present traffic to justify another railway outlet.

2. The Obed route for western outlet is the most favourable from a railway economic standpoint, considering the present phase of the railway situation.

3. We recommend that the matter of a final route be decided when the question is a practical one, believing that by the time the volume of traffic has reached a point where a western outlet is justified, general and possible local conditions may have materially changed. When the decision is imperative, the whole situation should be reviewed, in order to appraise all the contributing factors, including the potential traffic which may accrue from the lands beyond the definite areas included in this report.

These are the final conclusions of the three engineers who made the investigation, late in 1931, and whose report was submitted to us and to the house early last year. May I add that Mr. Beatty and Sir Henry Thornton at the time endorsed the report as it was submitted to the government and to the house.

As to my hon. friend's suggestion that it might have been better to build the Peace River outlet than some of the hotels and other unnecessary structures that were undertaken in connection with the railways, I would entirely agree with him. The total amount of money that was spent unnecessarily on duplication of hotels, the purchase of lines that were losers from the beginning, and the building of unnecessary steamships and the like, probably would easily have built the Peace River railway outlet which would at least have been no greater a loser than have been these unnecessary capital exenditures for the railways. That, however, is water that has flowed under the bridge and we cannot change the situation. Therefore with both railways at the present time earning about half the amount they did during the peak year, it is obvious that they will not change their minds in regard to the report which their engineers and Mr. Crysdale submitted last year. The best I can say to my hon. friend—and I say it in all sincerity—is that the day may come in the near future when world and Canadian conditions will so improve that this matter may be given consideration. I am afraid that I cannot go even to the formal extent of promising consideration at the present moment of any proposal

involving the expenditure of many millions of dollars upon a new railway, much as I should like to oblige one who has been a persistent advocate of what is from his standpoint at least a very worthy object. I appreciate, as I am sure the house does, his courage and persistence, but I am afraid that the best I can say in reply to his remarks to-day is that the matter will have to be given consideration when conditions improve; for the present, as I said last year, the question will have to stand in abeyance.

Mr. J. A. FRASER (Cariboo): I am sorry that the Minister of Railways (Mr. Manion) has been unable to give a more satisfactory answer to the hon. member for Peace River (Mr. Kennedy). I quite understand the situation so far as the railways and the finances of the country are concerned, but I think a few words can be usefully added to what my hon. friend from Peace River has said with regard to the situation in the Peace River country.

I am speaking particularly of the British Columbia portion of the Peace River country, because after all it is a substantial part of the Peace River country containing the largest area of contiguous farm lands that there is in British Columbia, and the construction of a western outlet is very important to their development and the prosperity of our province.

I went through that area last fall, travelling a thousand miles in a motor car over roads where three years before there were no roads at all. The British Columbia government is entitled to a great deal of credit for the construction of the roads which they have built in that area, and of course that is their responsibility. I found scattered over the area through which these roads had been built a population in the British Columbia portion of the Peace River area of some 10,000 people, where in the year 1915 there were only about 1,000. They are settled on both sides of the river, and the difficulty in crossing it is certainly a very great one. North of the Peace river itself there are about 4,000 people, located sixty-five miles from the present end of steel, and they have to transport their wheat by trucks over that sixty-five miles to reach the end of steel at Dawson Creek. At the time I was there, for No. 1 Northern wheat they were receiving only 24½ cents a bushel. Since then the price has declined, so it can be easily imagined what the farmer on the north side of the Peace river, who has to haul his grain at least sixty-five miles, was receiving in return for his labour in planting and harvesting his crop.

[Mr. Manion.]

I found in that area on the north side of the Peace river a class of people such as have been described by the hon. member for Peace River, farmers who had been dried out or hailed out in the prairie provinces and had moved in there. A great many of them had taken in what effects they had left, and you will find settlers there now with a couple of cows, some chickens and hogs,, and implements of one kind and another to carry on their operations. They are men who have been accustomed to all kinds of railway construction work, and as the hon. member has mentioned they are anxious to get work instead of relief. They have not been in the country long enough to bring their farms into production, and practically all of them are at present on relief, and there is no better prospect than that they will remain on relief unless work of some kind is provided for them.

As I said, these men are accustomed to construction work of all kinds. I spoke to numbers of them who had done all kinds of railway construction work. They are capable of doing it, and are anxious to engage in that work. I think that there is in that country a sufficient number of men, or nearly sufficient, without bringing in any help from outside, to construct the western outlet. When you have that situation, with the men there able and anxious to do this work, and when you find the government under the necessity of providing them with relief for which the country gets nothing in return, it does seem peculiar that this railway construction work should not be provided during these times. I am speaking not only of this government but of all governments when I say that.

The engineers, as the Minister of Railways has stated, said that the question of the construction of a western outlet would be further reviewed when it was a practical one. Well, Mr. Speaker, I do not know when it ever will be a practical question if it is not one at the present time. You have a population there who are capable of doing this work, people who are anxious to work and who at the present time are receiving relief. Then as to the cost of construction, I do not know a time in the history of this country when materials of all kinds were at lower prices than they are now. These people, I repeat, have to be provided with relief in order to keep them from starving to death, and in these circumstances it does seem to me that some government should be able to take some step towards starting the construction of a western outlet from the Peace River country.

It is not as if this construction has not been promised to these people. It has been promised many times by all parties in this house and by the whole country. It is a very necessary work and some day will have to be undertaken. Notwithstanding the fact that the engineers have reported to the government that it is not a practical question at the present time, in my opinion it is one of the most practical projects there is in the Dominion of Canada to-day.

I have not much more to add. I regret very much that the government cannot find a solution of this problem, that they cannot, under the conditions in that area which I have outlined, bend their energies to providing for the construction of a western outlet for the Peace River country.

Mr. OLOF HANSON (Skeena): This is the third time, Mr. Speaker, that I have had the honour of supporting a motion in favour of this worthy undertaking. I was sorry to hear the Minister of Railways (Mr. Manion) say that the construction of a western outlet for the Peace River country cannot be given consideration at this time. I fully concur in the description which the hon. member for Cariboo (Mr. Fraser) has given of the population in that area, and of its possibilities and resources. Undoubtedly the work can be done, and most certainly it should be done. As the mover of the motion (Mr. Kennedy) said, I feel that the present time, when we are doling out good Canadian money to feed people who have no work to do, would be opportune to start a useful work of this kind, not by any means as a matter of charity, but to provide an asset for the Canadian nation at large. I therefore urge upon the government that most earnest consideration be given to this worthy undertaking and that if it is not possible to go ahead and complete the project at the present time, at least a start should be made and the work proceeded with as fast as possible. I know the resources of that country and its possibilities, and I do not think any part of this dominion has greater possibilities and more undeveloped natural resources than the Peace River district. We hear complaints at this time that people are rushing to the cities because they cannot find work. What we want is home builders. It has been explained by the hon. member for Peace River, and also by the hon. member for Cariboo, that many of the people there are people who met with misfortune in other parts of the country, and seeing the possibilities, established themselves in a new district, and I think every assistance should be given them. As the hon. member for Cariboo has explained, it is not a political matter, because these promises were made by both parties. I for one, representing a constituency that is interested, say that I will support any party that will give justice to these people, who have been promised consideration not by any one political party but by the Canadian people. This whole question has been so well outlined by the former speakers that I am not going to take up any more time, but I wish to associate myself again with the mover of the motion.

Mr. WILFRED HANBURY (Vancouver-Burrard): Like my hon. friend the member for Skeena (Mr. Hanson) who wishes to have the traffic from the Peace River country diverted to his constituency, the port of Prince Rupert, I must put in a word for Vancouver, because naturally we expect great benefit if and when this road is constructed. One thing on which I wish to congratulate the hon. Minister of Railways and Canals (Mr. Manion) is in having at last acquired the courage to cease his dissimulation and the dissimulation of the government on this question. It is a peculiar thing that in respect to a policy on which all the people of the country agree so completely one of the ministers says that because of some peculiar condition that exists at the present time—which we admit, but which makes this particular object especially desirable—the government have decided definitely against the project. At any rate they are not camouflaging any further. It is almost useless to refer again to the many promises that have been made to these people. We all know they have been made, not by one party but by all; not only by the present leader of the opposition (Mr. Mackenzie King) when he was Prime Minister, or when he hoped to be Prime Minister again, not only by the present leader of the government (Mr. Bennett) when he was leader of the opposition and hoping to be Prime Minister, but by all.

Now the people want work, and they want that outlet. There is only one conclusion that we can come to. It is not simply that the government do not want to spend money on constructing the railway, because the expenditure can be justified; the question is whether the government wish to discourage the growing of further quantities of grain. If the government would come out openly and say that is their policy, and that they do not want more people to go into that country, we might see more reason in what they say. But, as regards construction, we

have to-day thousands of people on the dole, doing nothing to earn what it is costing the country to provide for them. We have manufacturing plants eager for work to supply the requirements for the construction of that road; everyone in the country is demanding expenditure of some kind, and if there ever was such a thing as a self-liquidating enterprise, this is one. Having all these considerations in mind, the minister is to be congratulated upon ceasing further dissimulation. I urge very strongly that the house should not take the statement of the hon. Minister of Railways as conclusive in this regard. I think it is a matter that we should seriously consider, and I hope the government will reconsider the decision which evidently they have reached.

Mr. ALFRED SPEAKMAN (Red Deer): Having entered the house some years ago at the same time as the hon. member for Peace River (Mr. Kennedy), I have naturally heard him present his case a good many times in a good many successive years, but I have never heard him present it in a more masterly manner. I congratulate him sincerely upon his pertinacity, upon his determined activity on behalf of his people, and upon the logical and convincing arguments with which he supported his request. I do not live in that part of the country, nor are my people directly affected by the proposed railway, but as a matter of public policy it does seem to me that every argument is in favour of its construction; there is no sound argument against it.

Ten years ago this matter was considered. During the last ten years conditions have materially changed. At the time of the census before the last one there was a population of possibly 40,000 in that great area. To-day in considering redistribution we find that the population has practically doubled, that we have almost 80,000 people there. The conditions laid down ten years ago as being essential before the construction of this outlet should be undertaken have been more than fulfilled. The potential freight then suggested as essential before a railway should be considered has been reached and more than reached; the freight is now available. The people who have gone there, as has been said, thousands of them—yes, you might almost say tens of thousands of them—have made their last stand there. They were confronted with natural difficulties and handicaps year after year, and finally left the district in which they originally settled and moved out to a country where they know that as far as nature is concerned they will have their chance. They have made their last stand there, have driven in their last stake, pinned their last hope upon building their homes and developing their farms and doing their part to build up their country.

I am not going to speak at length; I simply suggest that there is only one objection which can be or has been offered to the building of this outlet. So far as decision regarding the route the line should follow is concerned, I can only say that if that has not been decided upon by now, it is a grave reflection upon the skill, the intelligence and wisdom of those concerned; because, as the hon. member for Peace River has said, never have I known of any piece of proposed railway construction being considered so long, surveyed so frequently, taken under consideration so definitely and so persistently as this one. Surely every relevant fact must be known, every consideration must have been given weight to; and if the engineers have not by this time made up their minds, then it is about time we had other engineers. The only real argument brought against it is the financial question: Can we at this time afford to do this thing? Mr. Speaker, although I stand for every reasonable economy—I say reasonable economy—I believe we have here an investment which is more than justified, not only for the sake of the people of that country, not only for the sake of its future development; we have a situation where governments are straining every nerve to provide sustenance for the people, with 800,000 to 1,000,000 on direct relief, and everyone agrees that from the point of view of morale as well as from the point of view of investment it is much better to provide work for these people than to give them direct relief. Here we have a project which would meet all these conditions, which would at once provide work and sustenance for the people, and a means of keeping up their morale, would develop the country, fulfil a promise, and enable tens of thousands of people to build their homes and realize their ambitions. It does seem to me that at no time and for no project would a further addition to our national debt be more completely justified than in accepting this proposal and placing that part of this great country upon a parity with the rest of the dominion.

Mr. CAMERON R. McINTOSH (North Battleford): Mr. Speaker, coming from a northern riding in Saskatchewan, I rise to support the resolution moved by the hon. member for Peace River (Mr. Kennedy) and spoken to by the hon. member for Cariboo (Mr. Fraser) and members on this side of the house. It would appear to me that this

railway requirement for the Peace River country is important, because those supporting it desire a transportation outlet to the Pacific coast, and having in mind the development of northern Alberta and northern Saskatchewan during the last few years, I believe the importance of that outlet is assuming a value in a national way that it has not assumed previously.

I listened to the hon. members who have taken part in this discussion, and I also listened to the review of the situation by the Minister of Railways (Mr. Manion). If I understood him correctly his policy is one of doing nothing for the present time, and he presented a very vague hope of action in the days to come. I do not know when something will be done with regard to an outlet from the Peace River district, but I should like to present very briefly the viewpoint of the people living in northwestern Saskatchewan who desire some line of communication into that great country. North Battleford, Prince Albert and Edmonton look upon themselves as gateways to that area, and any question that concerns the development of the transportation facilities of the Peace River country certainly concerns the future of those three cities and of the increasing population in the great area northwestward to the Pacific ocean.

In that regard I should like to direct the attention of the Minister of Railways and the Prime Minister (Mr. Bennett) to the pledge given by the Conservative party in 1930 when they appealed to the people of Canada, and I want to know why their transportation policy has not been carried out. I should like to read pledge No. 5 in their platform as it was presented to the people some three years ago:

> We pledge ourselves to the improvement of the whole scheme of Canadian transportation northward by the completion of the Hudson Bay route, and the construction of such branches as may be necessary to render it most readily available to every part of Canada; to the Pacific slope by a Peace river outlet, and east and west by the development of the St. Lawrence waterways, and we pledge ourselves to aid existing traffic channels, and to increase port facilities on the great lakes, Hudson bay and the Atlantic and Pacific oceans, and to the establishment of a national highway system.

That is the pledge, definite and clear as crystal, made by the Conservative party three years ago, and I should like to know where they stand to-day with regard to it.

Mr. MANION: Has my hon. friend heard of the pledge made by his own leader in 1924?

Mr. McINTOSH: I may deal with that a little later; I am dealing with your pledge now. If I did deal with the other pledge it would not save the Minister of Railways at all. Never mind the other fellow; get down to business yourself and do something. The question is what the Prime Minister and the Minister of Railways are going to do about it.

I should like to come now to a phase of the question which concerns, directly, the development of northwestern Saskatchewan. In the northern part of my riding we have the remains of a railway which was projected by the Liberal government in 1930, and sanctioned by this house, and which should have been finished in 1932. That railway has been practically scrapped by the present government. I refer to the line running from St. Walburg across the Beaver river. We have sixty-nine miles of a grade for which this country has paid and which is crumbling to pieces. For the last three years practically nothing has been done; not a mile of steel has been laid. That line passes through a country containing thousands of people who came from southern Alberta, southern Manitoba and southern Saskatchewan; they are farmers who are really farming, and last year there was at least 150,000 bushels of grain produced in that district, yet nothing has been done to finish that line. The ties are there, rotting; the grade is there, and as we have said it is falling to pieces. I maintain that this is one of the greatest pieces of railroad bungling perpetrated by this government. These people are left high and dry without railroad facilities. The argument cannot be advanced that the line would not pay; every mile of line in northwestern Saskatchewan will pay, and therefore I say something should be done immediately with regard to that road.

The grade from St. Walburg runs through a fine mixed farming area. It goes from St. Walburg to Red Cross; from Red Cross to Loon Lake; from Loon Lake it crosses the Beaver river to Plat Valley and from Plat Valley to Goodsoil. Before it reaches Goodsoil it crosses the Beaver river and runs northwest towards the Pacific ocean. This ought to be a very good time to have something done, while labour is cheap. The grade is there and the ties are lying beside the grade. All that we should have to do would be to purchase secondhand steel and lay it on that road; but even with this slight cost nothing has been done and thousands of farmers as well as hundreds of business men are without railway service into that country, notwithstanding the fact that they went there three or four years ago with the distinct promise of railway transportation for the purpose of bringing about the agricultural and

business development of that part of the province.

The steel could have been put on this road a year or two ago very cheaply. There was relief camp after relief camp in the northern part of that country where men were sent to cut highways when in my estimation they would have been a great deal better employed had they been captained by two or three experts to lay the steel on the road. The steel could have been procured cheaply and that sixty-nine miles of road could have been completed. Instead of that they were sent to do highway work which in a year or two will be useless, because the second growth of timber will render the work that they have done of no effect.

The Minister of Railways, in my opinion, should give the house a statement with respect to his policy on this road. He has stated a do nothing policy regarding the Peace River outlet and I understand there is not to be a dollar this year of capital expenditure on Canadian National railway construction in northwestern Saskatchewan. This means that if the Minister of Railways does not find the money the road cannot be built, consequently there is no use "passing the buck" to the Canadian National. We might as well know now where we stand. I should like to know, before this session concludes, from the minister just what the attitude of the government and of his department is, and whether they intend to provide money for laying the steel on this road, which otherwise will very soon deteriorate and become absolutely useless. I am satisfied that a statement one way or the other would clear the air, and the people of that northern area would know exactly where they stand in this matter. What has the Minister of Railways to say about it?

Mr. A. E. MUNN (Vancouver North): I wish to say just a few words in support of the resolution. For many years I have been advocating a Pacific outlet from the Peace River country. At the special session of 1930 I suggested that a good deal of work could be done in the form of relief, and the same situation exists at the present time. In British Columbia alone there are several hundred men in camps on relief doing practically nothing, and there are, I am told, also men in this condition in the Peace River country and in Alberta. I do not suggest that the government should spend a great deal of money in the way of capital expenditure, but these men have to be taken care of and I do not see any reason why they could not be put to work in the way I propose. The average man would rather do a little work than sit around doing nothing and taking the dole. I leave that suggestion with the government.

The people in that country must have an outlet some day or other, and they have been promised it. The late Liberal government as well as the present Prime Minister (Mr. Bennett) promised this outlet, and there are good reasons why the road has not been built. I suggest, however, that the government should take into consideration these hundreds of idle men who might be working on the road at no additional expense. The government must take care of them in any event, and I leave this practical suggestion with the government. A good deal of work which must be done some day could now be gone on with.

Mr. D. M. KENNEDY (Peace River): Usually we have been promised consideration of this question when it has come up, but on this occasion, if I understood the minister's words rightly, we are to receive no consideration.

Mr. MANION: I said that the matter would be considered when conditions changed and finances would permit it.

Mr. KENNEDY (Peace River): Well, possibly that is better, but I think that we shall have to undertake to change conditions; that is the point. I do not believe that the engineers are at all right when they say that the work will be proceeded with when it is practicable. I venture to say that no engineer has ever made a report that was not known beforehand to be acceptable to the government and to the two railways. I submit that the engineers have never in the last ten years taken a stand on this question which has been justified by subsequent events; not one that I know of. They have been right in certain details but they have never been right in a large way.

I know of no reason why the Peace River country should have to wait until there is a guarantee that from the outset this railway will be a profitable venture. No railways have been built in Canada on that basis. Under the circumstances, Mr. Speaker, I cannot see my way to withdraw the motion. If the government wants to bury it, let them bury it right, and let the Peace River people know it. But if you want to go ahead and do anything, then the time is ripe for action.

Mr. BENNETT: The hon. gentleman will observe that the resolution does not fix any time.

Mr. KENNEDY (Peace River): Possibly the government will be able to accept it, then. There is no question about time; we want action this year. That is what we want. We have been promised action practically every year but we have had no real action with regard to the matter, and I think that we ought to know exactly where we stand.

The house divided on the motion (Mr. Kennedy, Peace River), which was negatived on the following division:

YEAS

Messrs:

Barber,
Blair,
Bradette,
Brasset,
Butcher,
Carmichael,
Casgrain,
Coote,
Davies,
Dickie,
Esling,
Fraser (Cariboo),
Garland (Bow River),
Hanbury,
Hanson (Skeena),
Hanson (York-Sunbury),
Heenan,
Jean,
Kennedy (Peace River),
Loucks,
Lucas,
Luchkovich,
Macdougall,
MacInnis,
Mackenzie (Vancouver Centre),
Macphail, Miss,
McPhee,
Mitchell,
Munn,
Neill,
Reid,
Speakman,
Spencer,
Stitt (Nelson),
Stitt (Selkirk),
Totzke,
Vallance,
Weir (Macdonald),
Woodsworth.—39.

NAYS

Messrs:

Anderson (Toronto-High Park),
Anderson (Halton),
Arsenault,
Arthurs,
Barrette,
Belec,
Bell (St. Antoine),
Bothwell,
Bouchard,
Boulanger,
Bourgeois,
Bowen,
Bowman,
Boyes,
Brown,
Burns,
Cahan,
Cantley,
Cardin,
Casselman,
Chaplin,
Charters,
Chevrier,
Cotnam,
Cowan (Port Arthur-Thunder Bay),
Cowan (Long Lake),
Denis,
Desrochers,
Donnelly,
Dorion,
Duff,
Duguay,
Dumaine,
Dupré,
Duranleau,
Edwards,
Embury,
Ernst,
Euler,
Factor,
Ferland,
Fournier,
Fraser (Northumberland, O.),
Gagnon,
Garland (Carleton),
Girouard,
Gobeil,
Gordon,
Gott,
Goulet,
Harris,
Hay,
Heaps,
Hepburn,
Howden,
Hurtubise,
Ilsley,
Johnstone,
Lacroix,
Laflèche,
Larue,
Laurin,
LaVergne,
Lawson,
Macdonald (Kings),
MacMillan (Saskatoon),
MacNicol,
McGibbon,
McGillis,
McGregor,
McKenzie (Assiniboia),
McLure,
Maloney,
Manion,
Moore (Chateauguay-Huntingdon),
Morand,
Motherwell,
Mullins,
Nicholson,
Parent,
Perley (Qu'Appelle),
Perras,
Pettit,
Pickel,
Plunkett,
Porteous,
Power,
Price,
Quinn,
Raymond,
Rhéaume,
Roberge,
Robinson,
Rogers,
Ross,
Rowe,
Rutherford,
Ryckman,
Ryerson,
St-Père,
Sanderson,
Sauvé,
Séguin,
Senn,
Shaver,
Short,
Simpson (North Simcoe),
Simpson (West Algoma),
Smith (Victoria-Carleton),
Smith (Cumberland),
Spankie,
Spence,
Spotton,
Stanley,
Stevens,
Stewart (Leeds),
Stewart (Lethbridge),
Stirling,
Sullivan,
Sutherland,
Swanston,
Taylor,
Thompson (East Simcoe),
Thompson (Lanark),
Tummon,
Turnbull,
Verville.
Weir (Melfort),
White (Mount Royal),
Willis,
Wilson,
Wright,
Young.—133.

Mr. GEARY: I was paired with the hon. member for Laurier-Outremont (Mr. Mercier). Had I voted, I would have voted against the motion.

Mr. GERSHAW: I was paired with the hon. member for London (Mr. White). Had I voted, I would have voted for the motion.

Mr. MacLAREN: I was paired with the hon. member for Rimouski (Sir Eugene Fiset). Had I voted, I would have voted against the motion.

Mr. McINTOSH: I was paired with the hon. member for Winnipeg South Centre (Mr. Kennedy). Had I voted, I would have voted for the resolution.

WESTERN FREIGHT RATES

REDUCTION OF DOMESTIC RATES ON GRAIN AND GRAIN PRODUCTS

On the orders of the day:

Mr. THOMAS REID (New Westminster): Mr. Speaker, I should like to direct a question to the Minister of Railways (Mr. Manion). Is he now prepared to make a full statement regarding the reduction in freight rates? He stated the other day that negotiations were under way and that he was awaiting the results.

Hon. R. J. MANION (Minister of Railways and Canals): The only thing I can say at the moment is that the four western provinces have agreed to the proposal and that arrangements are being made to deal with the question.

TRADE RELATIONS WITH RUSSIA

On the orders of the day:

Mr. H. E. SPENCER (Battle River): Mr. Speaker, I should like to ask a question of the government based upon the following Canadian Press dispatch:

> Bona fides satisfactory to the federal government have been established and the syndicate is now prepared to conduct the trade without financial guarantee from the Canadian government, according to a telegram from G. G. Serkau, syndicate head, read at a convention of the Western Live Stock Union at Calgary.

Is the government prepared to give an assurance that there will be no variation detrimental to soviet products made in the customs regulations during the life of this proposed agreement?

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, that any hon. member of this house should ask such a question is amazing. It is part of the constitutional practice of this parliament, and all other parliaments as well, that no government shall give any assurance with respect to customs matters to any person or persons, corporation or corporations. I recall an incident which was recited to me in my early days by an old member of the House of Commons. He asked the Minister of Finance of that day whether or not a certain change in tariff would take place and the minister replied: If I answered that question I would consider that I was unfit for this position, or words to that effect. No assurance can be given by any government to any person at any time as to how the administration of the country's affairs will be carried on in a given contingency which may or may not arise. The hon. gentleman who asked this question, undoubtedly with the best of motives, knows perfectly well, or at least he should know, that if I were to undertake to give an answer to such a question I would be derelict in my office and violating the duties of my position.

CANADIAN NATIONAL RAILWAYS

REPORTED PURCHASE OF RAILWAY DOCK AT VANCOUVER

On the orders of the day:

Mr. WILFRED HANBURY (Vancouver-Burrard): Mr. Speaker, I should like to inquire of the Minister of Railways and Canals (Mr. Manion) if he has any information to give to the house in connection with the proposed purchase or negotiation for purchase of the Canadian National Railways dock at Vancouver?

Hon. R. J. MANION (Minister of Railways and Canals): No, there is nothing to give to the house. The harbour commission of Vancouver is in touch with the whole situation and there have been consultations between them and the Canadian National Railways. Of course, this is a matter which will be dealt with by the railway officials and not by the government.

PREMIUM ON GOLD

On the orders of the day:

Mr. OLOF HANSON (Skeena): Mr. Speaker, I should like to ask the government if it intends to continue during 1933 the payment of a premium to the gold producers of Canada.

Right Hon. R. B. BENNETT (Prime Minister): The price paid for gold is the price which the producers can obtain elsewhere, and that is all. I assume the hon. gentleman thinks that because his products are being sold at a lesser price than they can be sold at elsewhere, a lesser price should be paid to the gold producers than they can obtain elsewhere. The government has commandeered gold in the sense that it cannot be exported without a licence and it is purchased at the price which the producer could obtain for his product in other markets.

Mr. HANSON (Skeena): Is the government going to continue that policy?

Right Hon. R. B. BENNETT (Prime Minister): I could not answer as to what may arise in the future. I have already indicated to the hon. gentleman that no government can say what is going to happen under present conditions in particular, but the government at present is purchasing gold on the basis I have mentioned and so far has no reason for believing it will change the price that has been paid.

CRIMINAL CODE AMENDMENT

The house resumed, from February 21, consideration of the motion of Mr. Woodsworth for the second reading of Bill No. 24, to amend the criminal code (unlawful associations), and the proposed amendment thereto of Mr. Guthrie.

Mr. ARMAND R. LAVERGNE (Montmagny): Mr. Speaker, I feel I must ask the indulgence of the house in speaking on this

bill at this late stage of the debate, but having spent a good deal of my life in addressing public meetings, I thought I should give the house the benefit of my general experience. I for one believe in freedom of speech and would certainly support the principle of any bill that would maintain or more clearly define and recognize such freedom. But the bill of the hon. member for Winnipeg North Centre (Mr. Woodsworth) goes rather far and I think we must come to a definition of what is freedom or liberty. Freedom, so far as I understand it, is not the right to choose between evil and good, between obeying the law and disobeying it, between supporting society and disorganizing it; it is the right to choose in favour of good and the power to renounce evil.

The bill of the hon. member for Winnipeg North Centre proposes not to amend what may be defective in section 98, but to do away with that section altogether. I would ask the house to look at the question in this way: Is there any hon. member or any citizen in Canada who is prevented by section 98 of the criminal code from expressing his ideas? I have spoken in this country for the last thirty years, sometimes on rather ticklish subjects, and I have not yet found myself in any jeopardy on account of this section. No man, whatever ideas he may have to express, whether they are the most conservative or the most advanced, is deprived of freedom of speech by section 98. This section has only one object and one we cannot avoid; it is to prevent the destruction of our institutions by force. You can go on the hustings, on the public platforms, just as you can do in Hyde park, London, under the protection of the police and express any opinion, and the law cannot touch you, but the moment you try to incite the people of this country by force, murder, arson, to overthrow our institutions, section 98 steps in. With the worldwide revolution organized to-day by Moscow, this section is one of the most important we have in our criminal code. There is absolutely nothing new in it; all the paragraphs of section 98 appear in spirit or in letter in the criminal code under different sections such as 47, 48, 130, 133 and so forth. I shall not take up the time of the house by quoting them.

The other day I heard the hon. member for Quebec East (Mr. Lapointe) say that he was not a communist. I believe him. He stated that he had nothing to do with communism. I believe him. I believe him even more to-day when he is in Quebec fighting against the rights of the people and for the most trustridden government in Canada, the Taschereau administration. I would ask the hon. member for Quebec East, if he does me the honour of reading my remarks, to refer to the February issue of the Revue des Deux Mondes, which, in a report of an investigation carried on by Monseigneur Michel d'Herbigny into the most communistic organization in the world, states that the communist theory is this: Our best agents, those who do our work the best, are not those who are out and out communists, avowed reds, but those who say: Well, in Russia there is a sort of interesting experiment going on; let us watch it quietly and see what will come out of it. According to him, those are the best communist agents, and I am sure the hon. member for Quebec East, when he reads my remarks, will not be so keen to object to section 98, which does nothing to prevent freedom of speech in this country. Who can object to section 98? Not any members of this house who, like myself, have sometimes expressed theories which were not readily accepted by the people at large in the country. The other day I heard the hon. member for Southeast Grey (Miss Macphail) saying that the communists and bolshevists hated the hon. members of the Cooperative Commonwealth Federation. How could they, Mr. Speaker? How could they resist the hon. member, first of all? I have read—I do not know if I am correct, but I am sure that I shall be contradicted if I am wrong—that the hon. member for Southeast Grey not so very long ago spoke in Galveston, Texas, and being an advanced member with advanced ideas she spoke on the theory which goes back almost a century to Proudhon—property is theft; and using all that eloquence which we know her to possess she brought such conviction to her audience that that very night she was robbed of $70. I am told that the hon. lady member had a man arrested in consequence which was rather ungrateful on her part, because to my mind it seemed a splendid test whether the ideas she was propounding had carried conviction.

The hon. lady member from Southeast Grey says that the communists and bolshevists hate the Cooperative Commonwealth Federation. How could they? How can they resist the hon. lady? Everywhere the world over we are faced with an agitation to prepare for the overthrowing of our civilization, and more than that, of Christianity, and these agitators have found their best friends in those who have said: Why not give them a chance to express their opinions? By word

of mouth? No, by force, by organized revolution, forcing their opinions down our throats, not excepting even babies' throats deprived of milk.

But I go further. How could they hate the Cooperative Commonwealth Federation? If I understand aright, the organizer of the Cooperative Commonwealth Federation in Canada is Mr. George Williams of Saskatchewan, and I say before this house, without fear of contradiction, that Mr. George Williams is a paid agent of Moscow. I think I heard a murmur of dissent. I am going to give my authority. I read in La Revue des Deux Mondes, which is the most important magazine published on the European continent, an article under the signature of Michel D'Herbigny, who has been making, on the Pope's demand, an investigation of communist activities throughout the world. The article appears in the volume dated February 1, 1933, the 103rd year of the magazine, at page 600. I will read it in French, and then translate it as best I can afterwards:

En dehors des grandes capitales ils travaillent aussi dans les immenses plaines de l'Ouest canadien, principalement dans la Saskatchewan. L'organisateur du parti y fut Georges Williams, ancien président de l'Union des fermiers. Invité à un voyage en U.R.S.S., il en revint plein d'admiration pour le plan quinquennal. Dans le journal des petits fermiers. *The Western Producer*, tout en menant, surtout depuis le début de 1932, une campagne active pour prôner la révolution, Georges Williams évite et recommande d'éviter dans le langage tout ce qui amènerait une application du paragraphe 98 du Code criminel...

He praises municipal and state ownership, etc., and the suppression of "religious obstacles."

I will now translate it for the benefit of some of my colleagues:

Outside of the great capitals the communists work also in the immense prairies of the Canadian west, principally in Saskatchewan. The organizer of the party was Mr. George Williams, ex-president of the Farmers' Union. Invited on a little trip through the U.S.S.R., he came back thrilled with admiration for the quinquennial plan, and in the newspaper of the small farmers, the Western Producer, he has been advocating, especially since 1932, an active campaign to prepare for revolution. Mr. George Williams avoids and recommends the avoidance of the use of any language which may bring an application of section 98 of the criminal code.

Mr. WOODSWORTH: Would the hon. member permit a question?

Mr. LAVERGNE: Certainly.

Mr. WOODSWORTH: Has he any authority whatever for saying that Mr. George Williams is the organizer of the Cooperative Commonwealth Federation in Saskatchewan?

Mr. TURNBULL: You tell us what he is.

[Mr. LaVergne.]

Mr. LAVERGNE: It is a fair question, and I will give a fair answer. Personally I have no authority, but I have stated it twice to my hon. friend, about a week ago and again to-day, and he has not denied it before now.

Mr. WOODSWORTH: Then I want to deny it now. He is on the executive. Further than that, may I say that I have again and again heard Mr. Williams denounce the communist party and say that we do not want Russia set up here.

Mr. LAVERGNE: I must accept my hon. friend's denial, but I am only sorry for himself and his party that he did not deny it a week ago.

Mr. WOODSWORTH: I do not know whether the Deputy Speaker was in the chair at the time, but—

Mr. GUTHRIE: What about order, Mr. Speaker?

Mr. SPEAKER: If the hon. member who has the floor resumes his seat and allows an interruption, I do not think the Speaker can prevent it.

Mr. LAVERGNE: I have no objection at all, Mr. Speaker. I want to be fair. I do not disguise my colours. I do not hide behind theories which have worked the world over in the same way—in Spain, in Mexico, in Russia, and in France. In France we had Danton, and before Danton, Mirabeau and Lafayette, and Les Girondins before Robespierre. In Russia there was Kerensky; in Spain, Maura. Always, the world over, there was somebody who half opened the door, and then the revolution rushed in.

In this country, and here perhaps I may be contradicting the hon. Minister of Justice (Mr. Guthrie), I am sorry to say that there are some Anglo-Saxon names in the list of communists. The Minister of Justice had the pride, the honesty—how shall I call it?—the pudeur, not to give names in the house the other day, but as far as the province of Quebec is concerned, and I believe I can speak in the name of my fellow compatriots of the English speaking race also, we are not going to be tricked. A wink is as good as a nod; we know that there is an agitation on foot to destroy our institutions in this country by a revolution, and under those circumstances I say, Mr. Speaker, that we need section 98 of the criminal code more than we ever did.

I challenge hon. members to your extreme left, Mr. Speaker, to say where, when and how section 98 can prevent any honest man from expressing honest opinions. I have had

some experience in criminal courts; I have perhaps pleaded for more communists than anybody else, and I know they have always had a fair trial, even those who were deported, because no man can be deported from this country without the benefit of habeas corpus if he wants it, and being brought before a judge. My experience as a lawyer is that they always want to avoid a judge. Examples have been quoted in this house by the hon. member for Winnipeg North Centre of men who have been here for twenty years and without becoming naturalized, and were suddenly surprised to find themselves deported. I just wonder what they did during the twenty years in Canada when they did not have time to be naturalized. And I am very much surprised at the hatred they displayed of the idea of going back to their home country. If Russia is that perfect earthly paradise that it is represented to be, they should be delighted to go back—a free trip. But not at all. But it is said: "Oh, they cannot plead." Even in Halifax they or anybody can ask for habeas corpus. They can even be taken back and brought before a judge in Calgary or Winnipeg, but it is very curious how they always avoid that procedure. Not more than three months ago I was consulted by a young lawyer in Quebec who said: "It is extraordinary, but some of these men being deported have a huge amount of money; would you act as counsel?" I said: "I do not see why I should not; a man is entitled to a trial, to habeas corpus." "Oh," they say, "they do not want that; they are willing to pay anything as long as they do not go before a judge." "Well," I said, "I am afraid they are going to go back home." He said: "They are afraid of that also."

I repeat—I may be wrong—that Mr. George Williams of Saskatchewan is closely connected with the Cooperative Commonwealth Federation—

Some hon. MEMBERS: You are right.

Mr. LAVERGNE: If he is not the organizer he is one of the leaders. I say in this house without fear of contradiction that he is a bolshevist, a Moscow paid agent.

Mr. WOODSWORTH: Mr. Speaker, it is quite easy to say "without fear of contradiction" when I am not permitted to contradict. Were I permitted I would say that I believe that is absolutely erroneous, and I know Mr. Williams quite well.

Mr. LAVERGNE: Well, I will say two things. My hon. friend from Winnipeg North Centre knows or he does not know. If he does not know, he should not speak about it; if he knows, his denial comes two weeks after I stated that in the house. I repeat—and it is public knowledge; the hon. member for Melville (Mr. Motherwell) knows it—that Mr. George Williams has been the organizer of the Cooperative Commonwealth Federation party in this country. After all, Mr. Speaker, a wink is as good as a nod, sometimes it is better. And the hon. gentlemen are given forty winks. Either they are asleep at the switch or their eye is very much open.

Have we heard one earthly reason in law or common sense or otherwise for this section 98 disappearing from our criminal code? Who has suffered from it? Who is the Canadian born citizen or the not freshly imported citizen or the law abiding citizen or the one who is respectful of British institutions—I will go further, of Christian institutions—in this country, who has been worried or bothered by section 98 of the criminal code? My hon. friend from Winnipeg North Centre said that according to this article a man can be arrested on suspicion, sentenced on suspicion. Never a man has been sentenced by British justice on suspicion. To my knowledge men always have been arrested on suspicion, but they were presumed to be innocent until they were proven guilty. And I know of no other way of arresting the guilty party than arresting him on suspicion. He cannot be arrested on certitude, he necessarily must be arrested on suspicion. All the items of section 98 are contained in the criminal code; search warrant, suspicion, being found in possession—of literature. The hon. member for Winnipeg North Centre said a man might be arrested for being in possession of a Bible. Well, I know a good many of my own faith in this house, and a few of old Scotch Covenanter descent, who must have a Bible in their house, and for one hundred and seventy years, since this country has been British, I know of no one who has been arrested for having a Bible in his possession. But this is the kind of stuff which is given to the people of this country to work slowly in their minds and make them believe that there is something rotten in the state of Denmark. I am willing to admit, as anybody will, that capitalists in this country as well as in the rest of the world have not played the game. Everybody knows that. I think it is only to-day that we are beginning to realize what the Master of men meant two thousand years ago when he said: Woe unto the rich; not because it is a sin to possess wealth, but because it entails such great responsibilities. But should we preach hatred of the rich by the poor, or go back to the teaching of my childhood,

"blessed are the poor," recognizing that our reward is not in this world? Whether we like it or not, men are not born equal, shall not live equal, shall not die equal. We differ in possessions, talent, wealth, health, beauty, life. But by telling a man that because he has not got what his neighbour has, he must ask for his reward in this world, do you think, Mr. Speaker, that my hon. friends at your extreme left have settled the question? We have seen how that works in Russia. How has the question been settled there? Those who were rich yesterday are poor to-day, in absolute abject misery. The saviours of the people, the long sought fourth Messiah, the lady from Southeast Grey, saviours who brought the revolution so highly regarded by the hon. member have not brought an ounce of happiness to the people of Russia more than they had before.

As far as I am concerned I repeat that I am in favour of freedom of speech, and if I thought it necessary in order to permit freedom of speech that this section should be abolished I would favour its repeal. But it does not touch freedom of speech, it does not hurt for one moment the hon. members to your extreme left who have been tolerated in going around this country for the last four or five or ten years spreading exploded ideas like that expressed from Southeast Grey and Galveston, Texas, that property is theft, a theory which has been laughed at for the past seventy-five years in France. No better evidence of our freedom of speech can be found than in the speeches made by those hon. members. This section is necessary not to prevent people from speaking, but to save our institutions, to keep this country what we want it to remain. As far as I am concerned I believe I have expressed the desire of my French speaking compatriots, and I think of my English speaking compatriots also, that we may have a country loyal to its king, loyal to its traditions and loyal to its God.

Mr. ERRICK F. WILLIS (Souris): Mr. Speaker, for a few moments I desire to express my opposition to the repeal of section 98 of the criminal code. Briefly stated I believe that in this country communism can be controlled by no other section of the code, and I oppose the repeal of this section because in Canada at this time we have a condition of affairs which has not arisen previously and which we hope will not arise again.

In passing I desire for a moment to refer to some remarks made by certain hon. members of this house who have supported the repeal

of this section. First I should like to refer to the hon. member for Toronto West Centre (Mr. Factor), who informed the house that he was getting tired of the accusations made against himself and others, that because they desired the repeal of section 98 they were communists. May I tell the hon. member that I also am tired of being called a czarist because I desire that section 98 remain in the criminal code. I am tired also of being called a stand-patter when I realize that I am much more of a radical than many of those who are speaking of it. We are tired of these things, but in this house gradually one gets used to them. I should dislike to think that, being young, I was not a radical.

The hon. member for Toronto West Centre referred to a situation which arose in the Jarvis collegiate institute in his city; he said certain students were unable to hold a meeting due, as he implied, to the fact that they wished to discuss social reform and could not do so because of section 98. May I say to the hon. member that this places on him a great responsibility. He is a member for Toronto; the school teachers and police of that city are being ridiculed throughout the country because of that situation, and therefore the hon. member must accept some responsibility in regard to those schoolmasters and police.

The hon. member for New Westminster (Mr. Reid) fears that because of section 98 there may be a panic of fear spreading over the country due to the fact that something may be carried on underground instead of being allowed to explode in the open. May I say to the hon. member for New Westminster that some six months ago I was interviewed by a group of Mennonites in my constituency who feared a revolution in this country due to communism. They asked me to assure them that they would not lose their farms, that the buildings would not be burned and that they would not be subjected to those things they had experienced in Russia. I bring this fact to the attention of the house because there is a panic of fear in certain sections of the country in regard to communism and lest section 98 should be repealed. I think the hon. member for New Westminster made a very good point when he said that certain of these communists were led by Scotchmen. As an Irishman I desire to impress on him the great necessity of having Irish policemen to control the Scotchmen and of having section 98 to control the communists.

The hon. member for Wetaskiwin (Mr. Irvine) expressed the opinion that possibly this section was retained for political purposes.

I was rather surprised to hear the hon. member make such a statement, because usually he is quite canny in what he has to say. By implying that section 98 was retained for political purposes he naturally suggests that the communists are going to vote for his party. That is a frank admission which, had he thought it over, obviously he would not have made. The hon. member said the section is not British and is not Canadian, but let me assure him that actions not Canadian and not British will not be punished by section 98. The hon. member also said that the time to act was after the offence had been committed. Would that apply in case of a riot in this country? After that all we would need would be the undertaker. My hon. friend also said the communists were poorly fed, that they had nothing and therefore we had nothing to fear from them. Yet the hon. member for North Winnipeg (Mr. Heaps) stated that to his knowledge they had large amounts of money and a great deal of property throughout the country.

I thought the hon. member for North Winnipeg made a very mild and well considered address. First he admitted the great condition of unrest in this country. Then he stated that he was opposed to force. The only mistake he made was that he did not draw the correct conclusion. Granting that conditions are as he said, and presuming that the hon. member is opposed to force, naturally he would desire the retention of section 98, because that section only opposes the condition which may be brought about due to force and communism.

The hon. member for Winnipeg North Centre (Mr. Woodsworth), who made the original address in regard to this measure, first quoted the United Church, which recently has taken a great political bent. Then he quoted Professor Scott of McGill, whose speeches have been read throughout the country with some alarm. Then the hon. gentleman quoted my good friend, Magistrate R. B. Graham, but I noticed that although Mr. Graham said that revolution had been necessary at other times, he did not come within a century of the present. The hon. member for Winnipeg North Centre seems to fear that in connection with section 98 the courts of this country may be prejudiced and that, being prejudiced, they may do those things which they ought not to do. If we are to assume that our courts will become prejudiced none of our laws are safe, let alone section 98. Again, the hon. gentleman took objection to the fact that where there were reasonable grounds for suspecting so-and-so, certain action might be taken, but many sections of the criminal code are based upon reasonable grounds for suspicion, and the courts of this country are based upon reason. Objection was taken also to the fact that the penalty stated in this section is not more than twenty years. Let me tell my hon. friend that if I were defending a man I should be very happy if the section stated not more than twenty years, but I would be in difficulty if the section said not less than three months. Where a section says not more than so many years it is left to the discretion of the court and the court, having that discretion, will decide that which is right. You can trust the courts of this country to interpret the law. If I were to give advice to the hon. member for Winnipeg North Centre it would be that he look over the criminal code and see how many sections provide for penalties of $100 or $200 or not less than three months. This does not give the poor man, the magistrate or the judge, a chance.

I am opposed to the repeal of section 98 because of the conditions existing at the present time. Recently I read the report in regard to the riots which took place at Kingston penitentiary. The reading of that report is sufficient for me to say that at this time section 98 is the most necessary section of the criminal code. Let me ask the house this question: What is the use of deporting communists if you are going to repeal section 98, which is intended to control them? Must we control communists only by means of deportation or must we retain section 98 which is for that special purpose?

The fears of hon. members who desire the repeal of the section are unfounded, because they all admit that they are opposed to force, and the only reason we have section 98 is that it also opposes any force that might be used by communists in this country. Those who wish to abide by the law, those who are of good behaviour need not worry about section 98; there are many sections of the criminal code much more rigorous in their application than that section.

I might say to the hon. member for Winnipeg North Centre that so far as subsection 3 of section 98 is concerned I think it is rather wide in its application and the section would be much better were it not included. But the present bill asks for the total repeal of section 98, which is impossible. For these reasons and particularly at this time I think it is impossible for us to consider the repeal of the section and therefore I shall support the amendment for the six months' hoist.

Mr. ANGUS MacINNIS (Vancouver South): When this bill was introduced it was not my intention to speak on it or in support of it. I felt that it was a matter which possibly some gentlemen of legal training could speak to much more effectively than I could. However, the debate has taken such a turn that I think it is most necessary that something should be said in connection with it. There was a further reason why I did not wish to discuss the bill; I felt that this government, notwithstanding that it professes to be opposed to force, is so wedded to force that nothing I might say would have any influence upon it in repealing this section. Furthermore, this government may not be the government forever; it is not very likely that it will be. If this is good law for this government it may be good law for us some day. They are going and we are coming, and in the not distant future we may have occasion to use it.

After hearing the hon. member for Toronto Northwest (Mr. MacNicol) and the hon. member for East Algoma (Mr. Nicholson) and this afternoon the hon. member for Montmagny (Mr. LaVergne) I thought it was essential that I should say something. It seems that no matter what question we raise on this side of the house we are immediately met by these three gentlemen with shouts of Moscow, Russia, communist, third internationale and one or two other expressions which they have learned somewhere. I wonder whether these gentlemen have ever considered the background of the Russian revolution. I wonder whether they have ever heard of any government in Russia except the present one, or if they have ever realized what that previous government was. Let them remember that it is only within the last sixteen years or so that there has been a communist government in Russia, and whatever government there is in Russia to-day, be it good, bad or indifferent, it has arisen out of conditions brought about by the government that preceded it. It could not be anything else than what we find it. This is something my hon. friends have never realized and possibly do not wish to know.

Let me give one item to show what the people had to put up with in Russia before the present government came into power—and I believe that the authority for this is quite authentic. I shall state it later. I quote:

> In St. Petersburg strikes broke out among the employees of the factories and the government iron works. The leader of the movement was Father Gapon, a priest, who, with the consent of the government, had been organizing labour unions, in order to win away the working men from the influence of the revolutionary agitators. On January 21, 1905, Father Gapon addressed a letter to the czar informing him that on the following day the strikers would march in a body on the Winter palace in order to submit their grievances to him in person. On the following day crowds of men, women and children, led in part by Father Gapon, marched on the Winter palace.
>
> At different points in the city and in the palace square they were met by troops who opened fire on the unarmed multitude. The massacre lasted for some hours, and the victims of Red Sunday, as that 22nd of January came to be called, numbered several hundred killed, and at the most conservative estimate, several thousand injured.

This is from a conservative report of what happened that day. I have read reports that are very much stronger and which place the number of those massacred on that occasion at a much higher figure than is given here, but I selected this one because it appears in the New International Encyclopaedia, volume 20, page 255. These are the conditions from which the Russian revolution sprang, and let me say that unless we duplicate the same conditions in this country we need not fear anything approaching what took place in Russia in 1917. Give this government time, however, and they may be able to do anything. Even during this session we have had two bills for the purpose of more completely militarizing the police force of the country, though that object has been camouflaged. As I said before, whenever the hon. gentlemen whom I have mentioned get up here to oppose anything we bring forward they always try to connect this group with the communist party. Speaking on another subject a few days ago, I connected the communists very definitely with the Conservative party, and the hon. member for North Winnipeg (Mr. Heaps) did it very effectively when he spoke the other evening. On the same platform with him in 1930 the Conservative candidate urged his hearers, if they could not vote for him, to vote for the communist candidate. This has not been denied.

The hon. member for Toronto Northwest (Mr. MacNicol) comes from the city where The Worker, the communist organ, is published, and from his speeches he seems to be very familiar with communist literature. I wonder whether he ever saw The Worker. I have here the issue of January 28, 1933. There is this headline:

> Brownlee's "socialist" police terror angers workers.
>
> U.F.A.-C.C.F. government making ruthless application of Bennett's iron heel policy; tireless persecution of all militant workers and poor farmers.
>
> Glaring example of the "socialism" of Woodsworth and the Cooperative Commonwealth in practice. This is what to expect when he is Prime Minister.

Yet the hon. member for Toronto Northwest shouts, "communist" every time we take up any matter in the house. There is a cartoon upon the front page of this paper showing the hon. member for Winnipeg North Centre (Mr. Woodsworth) and Mr. Brownlee with their arms around each other, with Mr. Brownlee holding a good sized club. Under this cartoon we find:

Rev. Jimmie Woodsworth gives his blessing to the police bludgeonings of the Brownlee police. (The U.F.A. this week, officially affiliated with the C.C.F.)

It is such things as this that mainly compose The Worker and yet despite this fact the hon. member for Toronto Northwest who is so familiar with communist literature from Karl Marx up to the day before yesterday, has never seen this. I assume that he has not seen it because I hope that if he had, he would be honest enough, to bring the matter to the attention of the house. We go on a little further and on the same page we find:

Dworkin Arrested at C.C.F. Meeting

Calgary, January 16.—Ben Dworkin who just recently was released from Lethbridge jail was arrested yesterday at a mass meeting for the Cooperative Commonwealth Federation. He was, as usual, selling working class literature. He is charged with sale of literature on Sunday and using profane language. Obviously this is only an excuse of the "socialist" who laid the charge in order to prevent sale of working class literature at the C.C.F. meetings.

I advise the hon. member for Toronto Northwest to subscribe to The Worker that he may keep informed on communistic activities.

There are two dangers which threaten the peace of this country. The one is the communist party and the other the Conservative party. These two parties always work together. The communists promote class hatred whenever an opportunity offers and the Conservative party—

Mr. GARLAND (Bow River): Establishes it.

Mr. MacINNIS: —preaches class fear and class hatred. They teach the hatred of communism and the hatred of any progressive movement which they think will take away any of the privileges they have held for so long. This hatred breaks out every now and again. It broke out when the Prime Minister (Mr. Bennett) went down to Toronto and advocated the iron heel for everyone with whom he did not agree. It broke out a few weeks ago in the city of Ottawa when the leader of the Senate acted as chairman for an internationally known lecturer. We find it everywhere. I have attended and spoken at many meetings during the last few years and in nearly every case communists have been present. As soon as I sit down the first question I am asked is: Do you expect that the ruling class will let you take over the affairs of this country even though you have a majority in parliament? My answer is: Whether they do or do not is not germane to the present moment. At the present moment we are working and taking advantage of our constitutional rights and privileges and what the present ruling class may do is not our concern. When we reach that fence we will get over it as best we may.

Section 98 is supposed to be aimed at those who want to use force in the overthrow of constituted authority. But that is only a small part of the section. There are other clauses in the section which make this particular clause seem very innocent indeed. One clause makes every member of the postoffice a detective, and there are many other clauses equally undesirable.

As I said a moment ago, there are two dangers which threaten the peace of this country, the communist party and the Conservative party. Possibly I should not say "the Conservative party" but should say "conservative-minded people." All Conservatives are not conservative-minded. I have a letter which I received a few days ago from a young student in Vancouver. I should like to read it as it gives the expression of opinion of a young man of the society he sees around him. This young man is interested in an educational group known as the A.B.C. Society, a society starting its educational activities from fundamentals. He says:

The A.B.C. Society was formed last fall because we felt that although there were already a number of progressive thinking parties and societies, there was no organization which did not have a definite creed and platform, and which was therefore not inclined to be dogmatic.

The Conservative party has a creed and platform; the Liberal party has a creed and platform, as has the socialist party, and these people did not want to be connected with any of these parties.

An hon. MEMBER: And the Cooperative Commonwealth Federation.

Mr. MacINNIS: The Cooperative Commonwealth Federation also has one. The letter continues:

We felt that if any fundamental changes for the benefit of society are to take place without

violence, a larger percentage of the average men and women of this country must be induced to become interested in fundamental actions than is now the case.

And he continues:

The A.B.C. Society is formed primarily for young people who do not feel satisfied with our present system (who is?) but who are not sure of their ground, and want to think the matter out. Going on a basis such as this, we have the whole population to draw from except the Conservatives and the communists, and there is always a faint hope that we may even be able to interest some of them who are thinking the thing out without prejudice. I admit that there is a faint hope that they may get some of them.

The Solicitor General (Mr. Dupré) gave his reasons yesterday for being opposed to the rescinding of this section. He is reported on page 2335 of Hansard as follows:

It is because we do not want to give error a fair field, it is because we feel that error should not be given a fair chance, it is because we do not belong to the same school as the former Minister of Justice, that we ask for the maintenance of section 98.

The Solicitor General should have defined what he meant by error. We should not forget that down through history many things have been done which we to-day believe should not have been done. These things happened because certain people defined error in their own particular way. We had the Roman Catholics burning and hanging Protestants because they thought they were in error in their religion; we had the Protestants doing the same thing to the Roman Catholics. Do we believe that because the Roman Catholics thought the Protestants were in error they were justified in the hangings and slayings or, on the other hand, do we think that the Protestants were justified in what they did? Before we talk about error, let us define its meaning. Going back a little in history, we find that Galileo was tortured on the rack because he said that the world moves. Everyone to-day, even the hon. member for Montmagny (Mr. LaVergne) believes the world moves. Bruno was burned at the stake because he said that the earth was not the centre of the universe, but most people to-day believe the earth is not the centre. Possibly the hon. member for Toronto Northwest is an exception.

As regards those who talk about agitators. Let us not forget that Christ was crucified and the charge laid against him was that he was an agitator and stirred up the people. Let us remember further that the common people heard him gladly.

There is so much to be said in favour of repealing this section, so much to be said for freedom at all times, that I would much rather have someone with a more eloquent tongue than mine, deal with the question. But I should like to quote briefly from another authority, one who possibly was considered radical in his time but who would not be considered radical to-day, one for whose thoughts I at least have great regard. I wish to quote from Lord Macaulay, from his essay on Milton where he refers to freedom. He says:

In the same manner, the final and permanent fruits of liberty are wisdom, moderation and mercy. Its immediate effects are often atrocious crimes, conflicting errors, scepticism on points the most clear, dogmatism on points the most mysterious. It is just at this crisis that its enemies love to exhibit it. They pull down the scaffolding from the half-finished edifice; they point to the flying dust, the falling bricks, the comfortless rooms, the frightful irregularity of the whole appearance; and then ask in scorn where the promised splendour and comfort is to be found. If such miserable sophisms were to prevail, there would never be a good house or a good government in the world.

This is just what my hon. friends opposite do to-day in connection with Russia. They never take into consideration the material with which they had to build, or the difficulties they had to overcome. Let us give them as long a time as this country has had from confederation down and possibly they will then have just as much to boast about as we have to-day. Lord Macaulay continues:

Ariosto tells a pretty story of a fairy, who, by some mysterious law of her nature, was condemned to appear at certain seasons in the form of a foul and poisonous snake. Those who injured her during the period of her disguise were forever excluded from participation in the blessings which she bestowed. But to those who, in spite of her loathsome aspect, pitied and protected her, she afterwards revealed herself in the beautiful and celestial form which was natural to her, accompanied their steps, granted all their wishes, filled their houses with wealth, made them happy in love and victorious in war. Such a spirit is Liberty. At times she takes the form of a hateful reptile. She grovels, she hisses, she stings. But woe to those who in disgust shall venture to crush her! And happy are those who, having dared to receive her in her degraded and frightful shape, shall at length be rewarded by her in the time of her beauty and her glory!

There is only one cure for the evils which newly-acquired fredom produces; and that cure is freedom.

Many politicians of our time are in the habit of laying it down as a self-evident proposition, that no people ought to be free till they are fit to use their freedom. The maxim is worthy of the fool in the old story, who resolved not to go into the water until he had learned to swim. If men are to wait for liberty till they become wise and good in slavery, they may indeed wait forever.

The government in its attitude reminds me of a man who owned a garden and who went out and saw a noxious weed growing up in it. In order to get rid of the weed he took a stone and clapped it down on top of the weed. He thought it was done for. What was his surprise a few days after when he found sprouts of the weed growing up all over the stone. This government has outlawed the communist party, but the result has been that it has raised dozens of sprouts where there was one before. It seems to me that with the lessons of history before us we should pay heed to their experience and teaching in order to understand that the only way to meet force is to make conditions such that force cannot exist.

Mr. SPEAKMAN: Mr. Speaker, I would ask that you call it six o'clock.

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

Thursday, February 23, 1933

The house met at three o'clock.

MILK AND MILK PRODUCTS

REFERENCE TO COMMITTEE ON AGRICULTURE TO ASCERTAIN FACTS CONCERNING PRODUCTION AND DISTRIBUTION

Hon. HUGH GUTHRIE (Minister of Justice): In the absence of the Prime Minister I beg to move:

That the select standing committee on agriculture and colonization be instructed to ascertain the facts connected with the production, collection, manufacture, distribution and marketing of milk and milk products throughout the Dominion of Canada, with power to examine and inquire into all aspects of the said questions and report their findings to the house.

Motion agreed to.

UNEMPLOYMENT RELIEF

Hon. W. A. GORDON (Minister of Labour): I desire to lay on the table a number of orders in council passed pursuant to the relief legislation.

NATIONAL RAILWAYS AND SHIPPING

APPOINTMENT OF SELECT STANDING COMMITTEE TO CONSIDER ACCOUNTS AND ESTIMATES

Hon. R. J. MANION (Minister of Railways and Canals) moved:

That standing order 63 of the House of Commons, relating to the appointment of select standing committees of the house, be amended by adding to the select standing committees of the house for the present session a select standing committee on railways and shipping owned, operated and controlled by the government, to which will be referred the accounts and the estimates of the Canadian National Railways and the Canadian Government Merchant Marine for the present session, for consideration and report to the house; provided, however, that nothing in this resolution shall be construed to curtail in any way the full right of discussion in committee of supply, and that the said committee consist of: Messrs. Beaubien, Bell (St. Antoine), Bothwell, Cantley, Chaplin, Duff, Euler, Fiset, Fraser (Cariboo), Geary, Gobeil, Gray, Hanson (York-Sunbury), Heaps, Kennedy (Peace River), McGibbon, MacMillan (Saskatoon), Manion, Hanbury, Power, Rogers, Stewart (Lethbridge).

Mr. DUFF: Should not the Canadian National Steamships be included in the motion as well as the Canadian Government Merchant Marine?

Mr. MANION: The Canadian National Steamships form part of the Canadian National Railways. They come in as part of the railways.

Mr. DUFF: I thought they formed a separate entity.

Mr. MANION: No.

Mr. POULIOT: I should like to ask the minister if the legislation now before the Senate will be referred to this committee, or whether it will be sent to the railway committee.

Mr. MANION: It will be referred to the railway committee.

Motion agreed to.

FISHING BOUNTY

Hon. ALFRED DURANLEAU (Acting Minister of Fisheries): I should like to say a word of explanation with respect to the question raised by the hon. member for Antigonish-Guysborough (Mr. Duff) the other day concerning the bounty paid fishing vessels during the years 1929, 1930, 1931 and 1932. Sessional paper 115A which was laid on the table did not give the information for the year 1932, to which my hon. friend objected.

I should like to explain that we have not completed the payments of those bounties for 1932. I am told that these payments will be concluded about March 15, and then I will be pleased to complete the information requested by the hon. gentleman.

Mr. WILLIAM DUFF (Antigonish-Guysborough): It is quite possible that the payments have not been made, but the information is in the department. The applications for bounty are supposed to reach the department by the end of November, I believe, and the department has had two and a half

months in which to obtain complete information. It may be quite true that the money has not been paid, but there is no doubt that the department can furnish the information for which I asked.

Mr. DURANLEAU: My information is that these payments are never completed before March 15. During January and February we were still receiving applications from these fishing companies, so we must wait until the claims are all in before we can adjust and pay them, since we have only a certain amount appropriated for the payment of these bounties.

Mr. NEILL: Has the minister considered giving British Columbia and the Pacific coast its share of that fund?

Mr. DURANLEAU: The money will be divided according to the statute.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 31, for the relief of Margaret Borham Willson.—Mr. Bell (St. Antoine).

Bill No. 32, for the relief of Clarence Eldon Durham.—Mr. Garland (Carleton).

Bill No. 33, for the relief of Maurice Pashlink Simon, otherwise known as Maurice Simon Pashlinski.—Mr. Hanson (York-Sunbury).

Bill No. 34, for the relief of Marjorie Elizabeth Rae Dixon.—Mr. Bell (St. Antoine).

Bill No. 35, for the relief of Joseph Adrien Desmarteau.—Mr. Bell (St. Antoine).

Bill No. 36, for the relief of Henry Norman Bethune.—Mr. Anderson (Toronto-High Park).

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PUBLIC WORKS DEPARTMENT—DISMISSALS

Mr. FOURNIER:

1. How many persons, if any, residing in the city of Hull and employed in the Department of Public Works, in any capacity whatever, were dismissed since August 7, 1930?

2. What are the names of these persons?

3. Have these employees been replaced?

4. If so, who replaced them?

Mr. STEWART (Leeds):

Workshop Staff

1. Owing to reduction of appropriation the workshop staff at Ottawa was reduced March 31, 1932, by 82. The following are the names of employees from Hull who were retired:—J. Normand, J. Marion, L. Pucard, A. Roy, D. Joanisse, J. Patry, A. Magnon, L. Labelle, W. Meloche, D. Dube, P. Canuel, G. Rochon, J. Lapierre, Z. Baudry. None of these have been replaced.

E. Larocque of the elevator staff was dismissed May 15, 1931, on account of misconduct after repeated warnings. The Civil Service Commission appointed J. St. Amour to replace him.

2 to 4. Answered by No. 1.

Char Service

1. Five, who did not come under the regulations of the department as they had husbands to support them.

2. Mrs. Florida Madore, Mrs. Oliva Paquette, Mrs. Valorie Demers, Mrs. V. Fournier, Mrs. Alexina Dupuis.

3. Yes.

4. The next five appointees to the char service from Hull were: Mrs. Domina Hebert, Mrs. Cordelia Geick, Mrs. Laura Lebrun, Mrs. R. A. Maisonneuve, Mrs. M. Doran.

MONTREAL INCOME TAX DIVISION

Mr. TETREAULT:

1. What is the total number of employees on the staff of the income tax division in Montreal?

2. How many French-Canadians are employed?

3. How many employees are seventy years of age and over?

4. Does the government intend retiring any such employees who are seventy years of age and over in accordance with the established practice in the other departments?

Mr. RYCKMAN:

1. 238.

2. Information is not available from departmental records.

3. 2.

4. Matter is under consideration. There is statutory provision for an officer possessing peculiar fitness and efficiency for his position to be retained beyond the age of seventy.

CANADIAN NATIONAL RAILWAYS—TOTAL WAGES

Mr. COOTE:

What was the total amount of wages paid by the Canadian National Railways during each of the years 1920 to 1932, inclusive?

Mr. MANION:

The Canadian National Railways as presently operated date from January 1, 1923. From 1923 to 1932, inclusive, the wages paid

to Canadian National Railways employees have been as follows:

1923	$158,433,081
1924	149,818,428
1925	148,216,988
1926	156,050,525
1927	163,712,099
1928	173,264,215
1929	177,037,682
1930	159,980,994
1931	139,784,630
1932	106,911,608

The foregoing wages include eastern lines, express, telegraphs and the Central Vermont Railway, but do not include hotels or separately operated properties.

PORTSMOUTH PENITENTIARY—PROSECUTION OF CONVICTS

Mr. MITCHELL:

1. Is the government retaining Colonel Keillor McKay to prosecute the convicts who are alleged to have been involved in the recent Kingston penitentiary riots?
2. If so, when did he commence his duties and who recommended his appointment?
3. What are the terms of his engagement?
4. Will the government provide counsel for the prisoners?

Mr. GUTHRIE:

1. Yes.
2. January 2, 1933—The Minister of Justice.
3. $50 per day and expenses.
4. No.

FISHERIES REGULATIONS

On the orders of the day:

Mr. THOMAS REID (New Westminster): Does the Acting Minister of Fisheries intend to refer to the committee on fisheries the orders in council that have been passed with regard to the regulations which have been put into force and against which some of us protested the other evening?

Hon. ALFRED DURANLEAU (Acting Minister of Fisheries): The matter is now under consideration by the government.

CANADIAN MERCHANT MARINE

REPORTED SALE BY CANADIAN NATIONAL RAILWAYS OF SHIPS TO JAPAN

On the orders of the day:

Mr. S. W. JACOBS (Cartier): May I ask the Minister of Marine whether there is any truth in the rumour that three or four vessels of the Canadian merchant marine have been transferred to Japanese interests and that these boats are on their way now to Japan with a cargo of scrap iron and other materials.

Hon. ALFRED DURANLEAU (Minister of Marine): That question should be directed to the Minister of Railways (Mr. Manion).

Hon. R. J. MANION (Minister of Railways): If I understood the question rightly it was as to whether certain ships were being sold to Japan by the Canadian National Railways. I do not think that any ships have been sold directly to Japan by the Canadian National Railways. Within the last few years the Canadian National Railways have been selling off a number of ships that were lying at the dock going to pieces and it is quite possible that the Japanese government may have bought some of these vessels from the purchasers; but there has been no direct sale to that government of any of these ships.

RAILWAY ACT AMENDMENT

Mr. THOMAS REID (New Westminster) moved the second reading of Bill No. 18, to amend the Railway Act (rates on grain).

He said: I may explain that there is quite a little difference between the bill now before the house and that which I introduced last year. In the bill I introduced last year there were three clauses proposing amendments to the Railway Act, section 320. The first clause was by way of addition to subsection 3, giving power to the Board of Railway Commissioners to consider the question of tolls in the national interest. Section 2 of that bill sought to empower the board to put into existence such tolls as might have the effect of increasing traffic but which might not pay at that time. The third section in last year's bill had as its purpose the putting into effect of the provisions of the Crowsnest Pass agreement with respect to the rates of domestic grain to the province of British Columbia from points east, the same as has been in effect since 1897 and which were later reaffirmed, with some changes, in 1925.

In the bill which I am now introducing, sections 1 and 2 have been deleted and section 3 of last year's bill is now embodied in section 1, the only section in the bill at present before the house. This has been changed somewhat for the reason that when I introduced the bill last year objection was taken by the Minister of Railways and by some other members that if the bill passed the house in that form there was a retroactive clause which might have the effect of causing the railways to make back payments of rates right back to the year 1925. The present bill deletes that feature and asks that in respect of all grain and grain products moving westerly from Fort William and all eastern points into British Columbia particularly, the rates be the

same as in the case of all grain and grain products moving from points east of Fort William to Fort William, such rates having been enjoyed by the people of the eastern provinces since as far back as 1897, and which were later reaffirmed with some changes in 1925.

I have delayed somewhat putting the bill before the house. Earlier in this session the Minister of Railways had some statement to make; he had been negotiating with the four provinces regarding a suggested change in the domestic rate, and for that reason I did not proceed with the bill until we had some idea of the proposed change. I wish now to deal for a few moments with that suggested change and to indicate why I have decided at this time to go ahead with the bill which is now before the house, asking this government to extend to British Columbia the same rates as those enjoyed by the eastern provinces.

The only definite information that has come to me is that the suggested change as intimated by the Minister of Railways is to be on feed grain only. No other intimation has been given regarding mill feeds or any other commodity in the grain line with the exception of No. 6 mill feed. That information I am also taking from a statement made by the premier of one of the four provinces, namely, British Columbia. He said that the average rate on domestic grains to the Pacific from the prairies was going to be reduced from 41½ to 31 cents, but there was a proviso that the reduction of 11·5 cents per hundred pounds would apply to Vancouver. Victoria would have the Vancouver rate plus 3 cents, with slight variations in connection with other points. The net rate to Vancouver would be thirty cents from Calgary and Edmonton instead of forty-one and a half cents from Medicine Hat. Before going into the matter I wish to voice one serious objection to this. It will be necessary for the consignees to surrender to the railway company a certificate from the deputy minister of agriculture to the effect that the grain is actually to be used for domestic purposes.

While we are pleased indeed to obtain any reduction in the rate on feed wheat we still think that this reduction is not even half a loaf, it is only a bite. It is to be granted only in connection with feed wheat No. 6. What about wheat No. 5 or No. 4? Both these wheats are recognized and are at times classified as tough wheat and used in the poultry industry. And what about bran, shorts, flour and the other commodities that are used? As is well known to many hon. members, including some lawyers of course, the poultryman or the dairy farmer could not carry on business without bran, shorts and middlings, the mill feeds which are a by-product in the manufacture of flour.

The bill now before the house asks that the Crowsnest pass rates shall apply. The Crowsnest pass rates cover not only wheat and flour but an extensive list of other articles as well. If this bill should pass we in British Columbia would enjoy not only the benefit of a cheap rate on feed wheat, bran and shorts and grains like that, but also on groats, oatmeal, pearl barley, wheat flour and barley sprouts. These commodities are all necessary in the operations of the poultryman, the dairyman and the stock breeder.

I would be very much surprised if the proposal offered by the Minister of Railways satisfied the people of British Columbia. I would be very much surprised if it satisfied the premier of that province. Undoubtedly we are all pleased to get reduction on feed wheat, but I have grave doubts that a reduction of fifty per cent of the export rate on feed wheat alone will please the people of my province, especially those engaged in the poultry, dairying and stock industries. If any reduction was warranted why did they not go the whole way and give us what we are asking for, namely, the same rate on both export and domestic grain? When grain leaves either Edmonton or Calgary for the east it has only one classification but when it goes west it is divided into export and domestic grain. The same train may be carrying wheat for export and wheat for use in British Columbia, but two different rates apply. I was informed the other day that the dairy farmers in Ontario could buy bran and shorts at around $14 per ton while those in British Columbia have to pay $28, just twice as much, and yet Ontario is farther removed from the grain fields than is British Columbia.

As I say, we are pleased at receiving any reduction but the injustice, the hardship and the burden placed upon the people of British Columbia because of the inequality of these rates are so striking and a reduction is so vitally needed that I feel I must press this bill. I know that the cry of sectionalism is sometimes raised, but if there ever was sectionalism it is contained in the acts of parliament concerning the provinces in the east. These provinces have received many more benefits than those granted to the Pacific coast. I sometimes wonder if British Columbia is not thought of by those in the eastern provinces as being peopled only with wild Indians and of course some wild Scotchmen.

Last year when a similar bill was before the house the Minister of Railways stated that the railways in the United States charged more for taking grain to the Pacific coast than did the railways in Canada. I should like to point out to the minister that the railways in the United States have and use only one classification for grain while the Canadian railways use two from the prairies to Vancouver and charge double for grain for domestic use. This is an injustice which should be righted. The minister should remember also that the railways in the states take the products of the farmer east to New York or other points at a cheaper rate than do the railways in Canada. I could mention many instances, but I shall refer to only one, the shipment of eggs. The rate on eggs from Vancouver to Montreal is $2.50 per hundred pounds while the rate from Seattle to New York, a longer distance, is $2.25. The farmer in the state of Washington has a further advantage over the poultryman in British Columbia.

I expect that the minister will oppose this bill upon the ground that the railways are in such a deplorable condition and that we should be satisfied to get any reduction. I have one or two questions I should like the minister to answer when he does speak. The first is: Are we in British Columbia entitled to the same treatment in freight rates mile for mile, provided the grades are similar, as is given to the rest of Canada? That question I also put to the house. If the minister thinks we are not entitled to the same treatment, he can give me his reasons. There is one undisputed fact which has been reiterated time and again in this house; I do not like to take up the time of the house in repeating it but, like some sermons, it has to be repeated again and again before it will permeate the brains of many hon. members. That is, that the grade from Alberta over the Canadian National railways is undisputedly the easiest and the finest in the whole of Canada. Many people believe, because there is a mountain to be traversed, the grade from Vancouver to Edmonton is very steep. It is not; it is the lowest grade in the whole dominion, and by the way, it cost less to build than did many sections in both the prairies and eastern Canada. Let me ask the minister again: Are we not entitled, mile for mile and grades considered, to the same or as good treatment as that received by the rest of Canada? I maintain that we are and I leave that to the minister to answer.

The grade to Vancouver, as I have pointed out, is one of the best and easiest in Canada. In 1925 or 1926 the Board of Railway Commissioners rendered a decision saying that Vancouver should have for export the same rate as the Crowsnest pass rate. Strange to say, that has not been carried out, because the rate from Calgary or Edmonton is twenty cents per 100 pounds for a computed distance of 642 miles. That is the distance that is computed, because from Calgary to Vancouver it is 642 miles and from Edmonton a greater distance. From Edmonton or Calgary going east, the distance is far greater, being over 1,200 miles and the rate is only some twenty-six cents. Thus the distance to Fort William is almost double that to Vancouver, but the cost is not double; it is only one-third more. Under such circumstances can we be blamed for being dissatisfied with getting only ten cents off the domestic rate, and that for feed wheat only, and which is still eleven cents higher than the export, the export rate, I might point out, being three or four cents higher than that on grain products going to eastern points? While naturally we are pleased with a reduction, we do not consider it sufficient.

There is another point I would draw to the attention of the minister, and perhaps he will also answer it. Last year more grain for export was shipped through Vancouver than through practically all the other Canadian ports. The quantity shipped through Vancouver for export was over 104,000,000 bushels, and I would ask the minister: Did the railways haul that at a loss? If they did, what about the grain going east? If they hauled 104,000,000 bushels going west at a loss, what must the loss have been when they were hauling grain east, because in some parts of Canada they are hauling grain twice the distance for a lower rate? I have under my hand some figures regarding haulage that were given to the house the other day. From Georgian bay ports to Halifax, a distance of 1,208 miles, the rate was only fifteen cents, whereas from Calgary to Vancouver, a distance of 642 miles, the rate is twenty cents. There is no comparison at all.

To go back however, if that quantity of 104,000,000 bushels going west was hauled at a loss, what must the loss be in hauling grain east? I doubt very much however whether that grain is hauled at a loss. But even if it were, are the people of British Columbia to be penalized to help make up any losses that may arise in that or any other way? I say that they should not be penalized. But I believe, Mr. Speaker, that grain was not hauled to Vancouver at a loss, and before any hon. member undertakes to say

that it was, I can tell him that the railways, when they were on the mat and examined and the chief engineers also in sworn evidence before the railway board, said that they had no men in either the Canadian National or the Canadian Pacific who could tell just how much it cost to haul a ton of freight or a carload of wheat.

Last year the minister said that the government should not set rates. If there were no precedents for rate setting, that might be all right, but many precedents have been established for the setting of rates. For instance, a more favourable rate has been set to Churchill—and some say that was to help build up business—but in 1887 a rate was set and later confirmed by this parliament. If it was good business for parliament in its wisdom or otherwise to set a rate to eastern points, surely it could set a rate to British Columbia as well. I need hardly go into the question of the encouragement which would be given to trade by a reduction in freight rates. We all know what the railways require now is more trade and more traffic, but trade has been going down in British Columbia; poultry farmers and dairy farmers there have been going out of business by the dozen owing to the fact that they could not pay the prices of grain in its relation to the cost of egg production. If the grain and grain products were transported west cheaper than at present, encouragement would be given to both the dairy and poultry industries, and this would also help the railways. Poultry and dairy farmers have at present enough to put up with without being penalized as they now are. Speaking of British Columbia in comparison with Ontario they are able in that province to procure feed for cattle and poultry at about half or a little more than half the cost of that in British Columbia. If we are to be on an export basis and so have a chance to compete, production costs must and should be reduced substantially. If this were effected, encouragement would be given to the trade and industries of British Columbia, not only poultry, dairying and stock, but others as well. Why should we not have flour mills on the Pacific coast? Why should we not manufacture macaroni and other flour products on the western seaboard instead of having them produced in central Canada or at eastern points. We have wonderful ports on the Pacific coast and the Orient is a market just opening up.

Another point I wish to bring to the attention of the house is this. We have heard members from the maritimes speak about injustices done there and members from Quebec and other provinces talk about injustices done to them in respect of freight rates, but I want them to take note of this, because I am anxious for their support: If freight rates in Canada were equalized mile for mile, grade for grade, all being put on the same basis, the rates to points in those provinces would be considerably increased and just about double the rate to Vancouver, with its distance of 642 miles and the best grade in the whole of Canada. When I say the best grade, that is not just a mere statement or expression of my own personal view; it has been so stated since the railway transportation bill came before the Senate. Are we in British Columbia to be forever under the domination of the Canadian Pacific, because it is the one company which is preventing us in that province from receiving equal and just treatment as compared with the eastern provinces? If the matter were left to the Canadian National with its low grade, we would have had it satisfactorily settled long ago. That is why I fear the amalgamation, with the domination of the Canadian Pacific. Heaven help us in British Columbia if we do not get a reduction before the proposed amalgamation takes place!

Mr. MANION: What proposed amalgamation?

Mr. REID: The amalgamation proposed by some hon. senators.

I am not going to go into the extensive history of the Crowsnest pass rate. That has been discussed many times since I first came here as a new member. I shall not weary the house with all the details which have been presented many times. British Columbia, I claim, has justice on its side; it has suffered long. The railways simply set this rate; they say: We will put on as much as the public will stand. But we have stood for this too long in British Columbia and the people are not going to stand for it much longer because they are leaving the farms gradually. This is the time that encouragement and help should be given not only to stay on the land but also to enable them to compete at least on equal terms with the rest of the provinces.

That is all we are asking. We are not asking for any undue preference or for something which the other provinces have not got. We are not asking for a five cents a bushel bonus on wheat or for the grant of $890,000 to the railway companies of this country, as was done in 1931, to enable them to transport, at a cost of $6.98 a ton, coal that actually cost $13 or $14 to transport. Why should all these things be given to other sections of the country and denied to British Columbia

when she asks for just and fair treatment in freight rates such as the other provinces have received and enjoy.

In closing, let me say that if amalgamation does take place, we cannot tell what may happen as to freight rates; and so at this particular time, with farming conditions as they are, I ask the house to give its wholehearted support to this bill on behalf of the people of British Columbia so that the people of that province may obtain just the same treatment as the other provinces have received.

Hon. R. J. MANION (Minister of Railways and Canals): Mr. Speaker, I do not intend to take up much of the time of the house on this question. Unfortunately I did not know that the hon. gentleman (Mr. Reid) had any intention of moving the second reading of this bill to-day, although the motion has been on the order paper for quite a long time. The fact is, however, that I had drawn to the hon. member's attention, not once, but a number of times, that a temporary arrangement had been made at the interprovincial conference which had been accepted as satisfactory for the time being at any rate by the four western provinces, in view of which I had hoped that the hon. gentleman would be at least patient enough to find out what the terms of that compromise agreement were before he decided to push his bill to a vote.

The hon. gentleman proposes by this bill that this House of Commons shall become a rate-making body. I submit, Mr. Speaker, that while the government is certainly not a rate-making body, the House of Commons, much more emphatically I submit, is not a rate-making body. We have had in this country for a great many years a Board of Railway Commissioners whose business it is to investigate and pass judgment on railway rates that are submitted to them in different portions of the country. That body was appointed for that very purpose, in order to take away from the government and parliament of Canada the need for going into such a technical question as rate-making, with which neither the government nor parliament is properly prepared to deal. On that ground alone I submit, without dealing with the merits of the question at all, this bill should not be accepted by the House of Commons.

The compromise agreement to which I have referred was accepted by telegram or letter to me by each of the four western provinces. When the agreement was made during the interprovincial conference there were present two representatives of each of the western provinces, with the exception of British Columbia, which was represented by its Minister of Finance, Mr. Jones. The representatives of these four provinces expressed themselves as entirely satisfied with that compromise agreement, but its formal acceptance was postponed until the proposal should be submitted in writing to the provinces. That proposal was ultimately put in writing and submitted to the provinces, and I repeat that I have now received from each of the four western provinces their acceptance of that agreement as a satisfactory compromise at the present time. I should like to ask you, Mr. Speaker, and the members of this house, whether I am to accept the opinions of the governing body in British Columbia and in the other western provinces, or the word of my hon. friend across the way. The hon. member for New Westminster (Mr. Reid) apparently has arrogated to himself the right to speak for the whole province of British Columbia. He is bringing up many very important questions and has apparently taken the position that his ipse dixit must be the last word on the subject and must be accepted by this government and by parliament and the country generally. Personally I refuse to accept it, and I do not think this house or the country is willing to accept his word as against that of the government in power in British Columbia and of the other governments of the three western provinces.

I should like also in this connection to point out to the hon. gentleman that the House of Commons has not been awaiting his arrival to see champions arise on behalf of British Columbia. I have been in this house seventeen years in the course of which at practically every session I have heard members on both sides of the house, notably my hon. friend the Minister of Trade and Commerce (Mr. Stevens) and other hon. gentlemen from British Columbia on this side of the house and the other, all of them outstandingly able men at least comparable with my hon. friend, and I say that without offence, men who have studied these questions for many years, champion the rights of British Columbia and frequently win recognition from this house and parliament of those rights long before the hon. gentleman ever arrived here.

The hon. gentleman from New Westminster also spoke of No. 4 and No. 5 grades of wheat. It simply illustrates the fact that he should have waited until the terms of the compromise agreement had been settled and tabled in this house before he pressed his bill, because the very grades of wheat which he complains are not in the compromise agreement happen to be in that agreement. One of the repre-

sentatives of the western provinces, it matters not which, telegraphed to me accepting the agreement as proposed during the interprovincial conference, but pointed out that grades No. 4 and No. 5 of wheat and some higher grades of barley should also be included in the agreement because, he said, the grades already provided for in the agreement were not sufficient to cover the grades of feed grain at the present time. I immediately took the matter up with the railway companies, and within twenty-four hours those grades were included in the agreement as proposed by a minister of one of the four western provinces. I merely mention that to show that the hon. gentleman might well have exercised patience until he knew the terms of the compromise agreement before pressing his bill to a vote in this house, because in view of the principle which his bill challenges, and in view of the further fact that he does not understand the compromise agreement, his bill could not possibly be accepted at the present time.

I might also point out to him that the arrangement which has been made is not an arrangement that forever closes the door to British Columbia or any other western province, or any of the eastern provinces for that matter. It does not preclude any of them from appealing to the Board of Railway Commissioners or to the railways for further concessions in rates. There is nothing in the agreement which will in any way prejudice the rights of British Columbia, or Manitoba, or Saskatchewan or Alberta, or any of the eastern provinces, in going before the Board of Railway Commissioners and, as a last resort, appealing from the board to the government of Canada, with representations as to any other section of the whole rate structure. So I say, without meaning any offence, that the hon. gentleman's impatience is carrying him along a little too rapidly. We have heard the expression, an old man in a hurry, but I am afraid that my hon. friend is a young man in a hurry, and he might well stall his hurry just a little until he knows what has been done by his predecessors in this house and by the government of the day.

My hon. friend has asked me a number of questions in regard to rates. I do not intend to deal with the intricacies of the rate structure at the present time. Had he let me know the questions he was going to ask I should have come prepared with answers. Some of them I shall not attempt to answer here, because I do not choose to deal with the intricate question of rates. There is one rate, however, which he quoted, which I shall mention. He gave the rates on grain from Edmonton and Calgary to the head of the lakes, as compared with the rates from Edmonton and Calgary to Vancouver. I should like to point out to him what should be recognized by all members, and from western Canada particularly, that these two rates are on two entirely different and distinct bases inasmuch as the head of the lakes is an internal port and Vancouver is an ocean port. Once grain gets to the head of the lakes it has still a thousand miles further to travel to Montreal in the summer or to the maritime ports in winter before it is on the same basis as grain arriving at the port of Vancouver. The fact that the exports of wheat from Vancouver during the last two or three years have been rapidly gaining as compared with the exports from Montreal shows that Vancouver and British Columbia are not being too badly treated, or they would not be making these immense gains, upon which I heartily congratulate them.

I do not wish to delay the house, Mr. Speaker. In view of the points I have indicated, I must say on behalf of the government that this bill cannot be accepted at this time, at any rate.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, it is always considered ungracious to look a gift horse in the mouth. I do not wish to be put into that position. If it was the minister who negotiated this agreement, I wish to give him full credit for what he has done. Sometimes however we must ask ourselves whether or not the gift horse is, in fact, a gift horse, or is but a very meagre measure of justice for which we have been waiting too long. If that be the case we might ask the question: Why give us half a measure of justice? Why not give it all to us? It is all very well for the minister to say that the matter can be reopened. I picture to myself any hon. member bringing up this subject next year. On such an occasion what would be the reply? We would hear the statement, "This was settled by agreement last year, and it is quite out of place to bring it up a second time."

Quite properly and accurately the minister has stated that among British Columbia members for many years this has been a subject of agitation. My own association with it goes back to 1923, and on many occasions since that time I have spoken in the house concerning it. Instead of seeking to belittle the efforts of the hon. member for New Westminster (Mr. Reid) by stating that the hon. member should be sitting in his seat waiting for older members to take action, I suggest that as in a political sense he is youthful, his enthusiasm and vigour are to his credit. We have rather to thank him for bringing the

matter to the point where it has to be dealt with by the government. For that reason I believe he is entitled to credit. Another factor which I believe did a great deal towards persuading the railways to make the agreement, was that they realized that great basic truth of all railway rates, that you cannot charge more than the traffic will bear. That is what railways have been doing for years past. The records show that the number of carloads of eggs—and you can put a whale of a lot of eggs in a car—shipped out of British Columbia in 1929 was 389, and in 1931 only 221. That is a reduction of over 40 per cent, a 40 per cent drop. That means that there are 40 per cent less cars for the railway companies to handle, and 40 per cent less opportunity to take our lumber on the return trip. We people in British Columbia have lumber we are anxious to sell. The railways say they cannot take it at a cheap rate because they have no empty cars and no return traffic. Here is a chance to get some return traffic, and an opportunity for us to sell our cheap lumber to prairie points where it is needed, places where the people can afford to buy only cheap lumber.

As I have said, if it is right that we should have a reduction, now is the time to have it. So far as I can see it is a case of now or never. The minister has stated that the premier and government of British Columbia have approved the agreement. He asks who gave the hon. member for New Westminster the right or authority to differ from the government of British Columbia. I will change that question, and ask: Who gave the government of British Columbia authority to agree to it? Let us go back to the country in British Columbia, and learn the views of the people. The government has to go there very soon, anyway. They are teetering on the edge of a landslide right now. When they go back to the people perhaps we will learn who gave them authority to sign away our rights in this matter. We hear talk about bringing the matter up at another session. How can we do that, when the government of British Columbia has stated the agreement is all right, and has placed its imprimatur on it?

Mr. MANION: I tried to make it clear that there will be nothing in the agreement arrived at by the government which will interfere with British Columbia or any other part of the country bringing up any other portion of the appeal, with the exception of the rates on feed grain, at any other time. In fact, may I state that this very morning I took the matter up with the chairman of the Board of Railway Commissioners to make sure that in our decision we would do nothing in any way to prejudice the province of British Columbia.

Mr. NEILL: I am perfectly aware that there is no finality in the matter. Certainly it is open to us to bring the matter up another year. I was directing my remarks however to the mental or moral aspect of the situation. How would it be received? We would hear something like this, "The government agreed to it last year; here the British Columbia members are whining about it again; don't pay any attention." That would be the attitude. I do not say there would be any legal prohibition against us doing so; I am perfectly aware that there would not.

Now I approach the real crux of the situation, and that part of the subject which brought me to my feet. I rather think the bill might not have been pressed had we known what the deal is. We are getting a pig in a poke. We have never seen the pig, and have had but a very faint glimpse of the poke. What is the deal? The minister states that the hon. member for New Westminster is in too great a hurry, and that he should have waited until he learned about the deal. Yes, but why do we not know what the deal is? We want to know.

Mr. MANION: Until the deal is closed the hon. member cannot possibly know. The matter has to be closed before it is an agreement.

Mr. NEILL: The minister told us yesterday or the day before that all the provinces had agreed.

Mr. MANION: Yes.

Mr. NEILL: And that all that had to be done was to take steps to put it into effect. If he had stated what the agreement was, and had given us that information yesterday, so far as I am concerned, I might not be pressing the matter at this time because, at least, we would have known what it is. However we are asked to give up an opportunity to secure the whole loaf, and in return to get something about which we know nothing. The minister said that the hon. member for New Westminster talked about grades four and five, but that those grades had been included. However we do not know that.

Mr. MANION: The bill could have waited until later.

Mr. NEILL: There is such a thing as waiting too long.

Mr. MANION: The session is not yet over.

Mr. NEILL: This is probably the last time the bill will come before the house. If we went back to British Columbia and stated, "We got something, we do not know what, but will be told later; in the meantime we let the chance slip by to bring before the house the bill, which would have finally settled the matter"—I do not believe we would receive many thanks. I have not heard the minister say a word about milled products. Are they contained in the arrangement? They certainly ought to be. He has made reference to grades numbers four, five and six, of wheat and to barley, but he must not ignore the dairy industry which, in the province of British Columbia is very important. Taking the dairy and poultry industry together I would make the rough guess that they use more bran, shorts, middlings and ground barley than they do wheat. I have been in the feed business, and I know that in the poultry business they use more wheat than they do bran and shorts, although they use large quantities of the latter. Taking the two industries together I am safe in saying that the demand for bran, shorts, middlings and ground barley is much greater than it is for whole grains. If we omit milled feeds from the agreement the dairy industry will say we have betrayed them.

If we were informed as to the arrangement, certainly it would influence my mind as to whether I would be content. But we do not know. Then, is the bill unjust? If it is unjust, let us condemn it; let us reject it. But the minister has not said that. He has simply said, "We have not a precedent; we are not a rate making body." We have a precedent, because the bill alludes to the Crowsnest agreement which, even within my knowledge, was amended once, if not twice, in this house. So far as I can read the bill, we are only asking to be put on the same level as other people.

Mr. McGIBBON: That principle was absolutely wrong.

Mr. NEILL: The hon. member says the principle was wrong. Well, if it was wrong, let us have two wrongs and see if it will make a right. At any rate, we want to be on the same level of wrongness or iniquity, if it may be so termed, as our fellow members. Why should we be singled out. If the railways got an unfair deal in the Crowsnest agreement, let them move to change it. Meantime we are entitled to be treated as the other provinces are treated. It may seem ungracious not to accept the very sincere efforts made by the minister, but when you think that you can land wheat in Great Britain for not a little but a good deal less than you can land it in British Columbia for domestic use it does seem that some bill such as this is needed. And remember; the wheat taken to Great Britain is No. 1 wheat, or at least wheat of milling quality, of a value at least one-third greater than that of the cheaper grades used for poultry. We cannot deliver that low grade wheat in British Columbia even at this moment without paying substantially more than it costs to ship wheat to England.

I cannot see why the minister should not allow this bill to go through. As I said before, at least we were entitled to be fully advised as to the nature and extent of this agreement before being asked to withdraw or postpone consideration of this bill. It is not too late yet; I think the house would grant the minister the opportunity of telling us what is contained in this agreement. Does it cover mill feeds or does it not? What grades of barley does it include? Does it include C.W. oats, for instance? These are matters of vital importance. It is no use waiting until we find by bitter experience that the agreement is not what we thought it was; we should know what it is now, and until I do know certainly I will vote for the bill.

The house divided on the motion (Mr. Reid) which was negatived on the following division:

YEAS

Messrs:

Ahearn,
Beaubien,
Blair,
Bothwell,
Boulanger,
Bradette,
Brasset,
Brown,
Butcher,
Carmichael,
Chevrier,
Coote,
Desrochers,
Donnelly,
Duff,
Dumaine,
Fafard,
Fournier,
Fraser (Northumberland, O.),
Gershaw,
Girouard,
Goulet,
Gray,
Hall,
Hanbury,
Hanson (Skeena),
Hepburn,
Howden,
Hurtubise,
Irvine,
Lacroix,
Luchkovich,
MacInnis,
Mackenzie (Vancouver Centre),
Macphail, Miss,
McIntosh,
McKenzie (Assiniboia),
McPhee,
Munn,
Neill,
Parent,
Pouliot,
Reid,
Roberge,
Sanderson,
Séguin,
Speakman,
Spencer,
Stewart (West Edmonton),
Taylor,
Totzke,
Vallance,
Veniot,
Verville,
Woodsworth,
Young.—56.

NAYS

Messrs:

Anderson (Toronto-High Park),
Arsenault,
Arthurs,
Barber,
Baribeau,
Barrette,
Beaubier,
Belec,
Bourgeois,
Bowen,
Bowman,
Boyes,
Burns,
Bury,
Cahan,
Chaplin,
Charters,
Cotnam,
Cowan (Port Arthur-Thunder Bay),
Cowan (Long Lake),
Davies,
Dickie,
Dorion,
Duguay,
Duranleau,
Edwards,
Embury,
Ernst,
Esling,
Fortin,
Fraser (Cariboo),
Gagnon,
Ganong,
Garland (Carleton),
Gobeil,
Gordon,
Hanson (York-Sunbury),
Harris,
Hay,
Heaps,
Johnstone,
Kennedy (Winnipeg South Centre),
Laflèche,
Laurin,
Lawson,
Loucks,
Macdonald (Kings),
Macdougall,
MacMillan (Saskatoon),
MacNicol,
McGillis,
McGregor,
McLure,
Maloney,
Manion,
Mitchell,
Moore (Chateauguay-Huntingdon),
Morand,
Mullins,
Murphy,
Nicholson,
Perley (Qu'Appelle),
Pickel,
Plunkett,
Porteous,
Price,
Quinn,
Robinson,
Rogers,
Ross,
Rowe,
Ryckman,
Ryerson,
Sauvé,
Senn,
Shaver,
Simpson (North Simcoe),
Smith (Victoria-Carleton),
Smith (Cumberland),
Spankie,
Spence,
Spotton,
Stanley,
Stewart (Leeds),
Stewart (Lethbridge),
Stinson,
Stirling,
Stitt (Nelson),
Sullivan,
Sutherland,
Tétreault,
Thompson (Lanark),
Turnbull,
White (Mount Royal),
Willis,
Wilson,
Wright.—97.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Anderson (Halton),
Baker,
Bell (Hamilton),
Bell (St. John),
Bell (St. Antoine),
Bennett,
Beynon,
Black (Halifax),
Cantley,
Casselman,
Dupré,
Geary,
Gott,
Guthrie,
Hackett,
Jones,
Larue,
Lennox,
MacDonald (Cape Breton),
MacLaren,
McDade,
McGibbon,
Matthews,
Myers,
Perley, Sir George,
Pettit,
Rhodes,
Short,
Simpson (Algoma),
Smoke,
Sproule,
Stevens,
Stitt (Selkirk),
Swanston,
Thompson (Simcoe),
Tummon,
Weese,
Weir (Melfort),
White (London),
Factor,
Bertrand,
Mercier (St. Henri),
Dubois,
Raymond,
King,
Euler,
Dubuc,
Cardin,
Howard,
Ferland,
Mercier (Laurier-Outremont),
Rutherford,
Lapointe,
Perras,
MacLean,
Thauvette,
Jacobs,
Urquhart,
Fiset, Sir Eugène,
Dupuis,
Power,
Moore (Ontario),
Gardiner,
Marcil,
Bouchard,
Ralston,
Heenan,
Casgrain,
Cayley,
Golding,
Malcolm,
Weir (Macdonald),
Rinfret,
Jean,
St-Père,
Lucas,
Motherwell,
Gershaw.

Mr. MacLAREN: I was paired with the hon. member for Rimouski (Sir Eugène Fiset). Had I voted I would have voted against the bill.

Mr. GOLDING: I was paired with the hon. member for East Lambton (Mr. Sproule). Had I voted I would have voted for the bill.

Mr. GEARY: I was paired with the hon. member for Laurier-Outremont (Mr. Mercier). Had I voted I would have voted against the bill.

Mr. LUCAS: I was paired with the hon. member for Prince Edward-Lennox (Mr. Weese). Had I voted I would have voted for the bill.

Mr. GOTT: I was paired with the hon. member for Kent, Ontario (Mr. Rutherford). Had I voted I would have voted against the bill.

Mr. SHORT: I was paired with the hon. member for Kenora-Rainy River (Mr. Heenan). Had I voted I would have voted against the bill.

Mr. DUPRE: I was paired with the hon. member for Joliette (Mr. Ferland). Had I voted I would have voted against the bill.

Mr. McGIBBON: I was paired with the hon. member for Quebec South (Mr. Power). Had I voted I would have voted against the bill.

Mr. CASSELMAN: I was paired with the hon. member for Sherbrooke (Mr. Howard). Had I voted I would have voted against the bill.

Mr. THOMPSON (Simcoe): I was paired with the hon. member for Maisonneuve (Mr. Jean). Had I voted I would have voted against the bill.

Mr. MATTHEWS: I was paired with the hon. member for Ontario (Mr. Moore). Had I voted I would have voted against the bill.

Mr. BELL (St. John-Albert): I was paired with the hon. member for Nicolet (Mr. Dubois). Had I voted I would have voted against the bill.

Mr. PETTIT: I was paired with the hon. member for Kamouraska (Mr. Bouchard). Had I voted I would have voted against the bill.

Mr. BERTRAND (Translation): I was paired with the hon. member for Toronto Northeast (Mr. Baker). Had I voted I would have voted for the bill.

Mr. PERRAS (Translation): I was paired with the hon. member for Stanstead (Mr. Hackett). Had I voted I would have voted for the bill.

Mr. LARUE (Translation): I was paired with the hon. member for Vaudreuil-Soulanges (Mr. Thauvette). Had I voted I would have voted against the bill.

CRIMINAL CODE AMENDMENT

The house resumed, from February 22, consideration of the motion of Mr. Woodsworth for the second reading of Bill No. 24, to amend the criminal code (unlawful associations), and the proposed amendment thereto of Mr. Guthrie.

Mr. ALFRED SPEAKMAN (Red Deer): Before the vote is taken I desire to state very briefly why I propose to vote for the motion and for the repeal of section 98 of the criminal code. In spite of what has been said by some hon. members in this house, I feel it is hardly necessary for me to say that I am in no way connected with Moscow or with the third international, and that I am not an emissary of the Soviet government. I think it is unnecessary because the majority of members in this house and the majority of the people of this country are prepared to extend to others the right of an honest and impartial opinion upon the various matters that come before this parliament, and to believe that other people express their own views as impartially and as honestly as are stated the views expressed by those who might criticize them.

It is true that I have not been twelve years in this house without knowing that there are to be found everywhere, although not in very large numbers, people who find it impossible to believe that those who differ from them on any matter can be actuated by any but foolish or sinister motives, and it is true that I have been accused of many things during those twelve years. For example, I have been accused, if you care to put it that way, of being pro-Liberal in the years I have endeavoured to cooperate with a Liberal administration and it has been asserted that I have Conservative leanings when I attempt to cooperate with the Conservative party in power; I have also been said to be radical when I have ventured to disagree with both of these parties and have suggested that there might be fundamental changes in a constitutional way to the advantage of all. It has been suggested at times that I might even be a clog on the wheel of progress. Notwithstanding all that however no one has so far accused me of being communist or anarchist, nor has it been said that I have advocated violence, bloodshed or unconstitutional methods in the obtaining of any end in this country, or that I have had any sympathy with those who do advocate such methods.

My reasons for opposing section 98 may briefly be summarized under three heads: That it is unsound in principle; that it is ineffective in its application; and that it is unnecessary for its purpose. As to its being unsound in principle, I have heard it suggested by speakers in this house, and particularly by the hon. member for Wetaskiwin (Mr. Irvine), that it has the semblance more of a czarist form of legislation than British. I agree with him. Indeed, I would go further; it savours, in my opinion, more of a soviet than of a British form of legislation. In a word, it is the type of legislation that has been passed from time immemorial by governments who were not imbued to the full with that great British ideal of constitutional freedom and of freedom of speech. As a matter of fact, traces of that are seen throughout history. You will note that history records that in every civilized country at least there have been revolutions of one sort or another during the past centuries, but it remained for Great Britain to accomplish a revolution with the minimum of bloodshed and the minimum of disorder; while those countries that had the most repressive legislation, so far as speech was concerned, were the countries where changes were carried out and put into effect with the maximum of disorder, the maximum of bloodshed and the maximum of human suffering.

There is a principle involved. It is true I cannot boast that I am Canadian born; I am British born and have spent almost the

whole of my lifetime in western Canada. And I have in my blood and in my instincts a reverence for British institutions, for constitutional freedom and for that orderly liberty which has been the greatest contribution made by the British people to the progress of this world; and nowhere do I find in British history, of late years at least, any legislation of this character. They have found by long experience that when error is mooted abroad, that when ideas that are foolish and destructive are discussed in the open light of day they are then branded and understood as the foolish and unnecessary proceedings which they are. Because of this, I oppose section 98.

Looking back over the past years I remember the discussions in the house and the votes cast time after time. The motion to repeal section 98 was carried by this house more than once either with a large majority on division or without opposition, but I am told that since that time great changes have occurred, that communism has become a menace and that poisonous doctrines have been spread throughout the land. What does this prove? It proves the absolute inadequacy of section 98 to repress the spread of opinions of any kind. Be it remembered that this development which has been referred to, this spreading of poisonous doctrines has taken place while the provisions of section 98 have been in full effect. It is quite obvious that this section has proved ineffective in preventing the spread of these doctrines. It might be said and it has been said: What would have happened had we not had section 98? That is an assumption and in answering it I will follow the position taken by the Prime Minister (Mr. Bennett). He has denied the application of a hypothetical argument, he has stated that the mere assumption of what would be if something else had happened is no argument at all. I decline to accept this as an argument and in that respect I place myself beside the Prime Minister.

This section is unnecessary. In every part of the British commonwealth except in our own there are criminal laws which do not include a section such as we find here. In Great Britain and other parts of the empire the ordinary criminal code has proved itself wholly adequate to deal with any real menace to the public peace. I am not prepared to enter into any legal arguments as I know that you can obtain varying and conflicting legal opinions upon every piece of legislation, I intend to apply my own common sense, my own feeling of what is right and what is logical in considering the arguments which have been advanced. I find that the ordinary sections of the criminal code dealing with sedition and the breaking of the peace are such as would effectively meet and effectively punish any attack upon public order or any utterances of a seditious character. Because I believe that the greatest contributions made by the British race to the progress of humanity has been that concept of freedom, of constitutional progress and of orderly reform, I disbelieve in a section which, to my mind, contradicts those great principles.

What is the greatest strength and the greatest beauty of the British constitution? It lies in its elasticity, in the fact that under that constitution the greatest improvements and fundamental changes in our customs, in our political systems and in our economic systems can be carried out legally, peacefully and beneficially. They can be carried out only when everyone is able to advance those doctrines, those suggestions and those ideas which he or she thinks may be beneficial, leaving it to the common sense of the average man and woman to judge of their worth. I have sufficient confidence in the people of Canada to believe that given a clear picture and given a clear statement of the views and ideals of communism as opposed to orderly and constitutional progress, the ideals of communism will be buried so deep that they will never be resurrected. I believe that the people of Canada will follow that orderly and constitutional path to a better, a sounder and happier system than we have at this time.

Mr. F. R. MacMILLAN (Saskatoon): Mr. Speaker, I intend to take up the time of the house only for a moment or two. I have listened very patiently to the arguments brought forward in favour of the bill introduced by the hon. member for Winnipeg North Centre (Mr. Woodsworth). I was mayor of the city of Saskatoon in 1919 during the great Winnipeg strike. I was surprised at some of the statements made by the hon. member for Winnipeg North Centre in an effort to disabuse the minds of the people of the belief that he is in favour of the use of force. I should like to read an extract from The Canadian Annual Review of 1919, at page 476, as follows:

> —on July 11 J. S. Woodsworth was reported as saying (Globe dispatch) that F. J. Dixon should be at Ottawa "because the federal authorities control the military and the courts, and labour is not going to get what it wants until it in some way gets control of the military and the courts";

That is how the hon. member is quoted by the Canadian Annual Review. I well recall what took place in my own city during that trying time. If hon. members will cast their

memories back they will remember that that was the time the soldiers were returning from overseas and being demobilized. The minds of the people were a bit upset just as they are to-day and I believe that hon. members in the far corner of the house are simply capitalizing the people's adversity.

At that time there were no mails or telegraphs, the people were all out on strike largely because of the agitation and propaganda carried on by the O.B.U., and I might state that the hon. member for Winnipeg North Centre was one of the editorial writers on the Labour News at Winnipeg.

Mr. WOODSWORTH: My connection with The Labour News was in the fifth week of the strike, I had nothing to do with the agitation during the earlier period.

Mr. MacMILLAN: I will refer to that a little later.

Mr. IRVINE: What has all this got to do with the bill?

Mr. MacMILLAN: It has everything to do with the bill. We do not intend to find ourselves in the position where we will have a lot of propaganda artists like you fellows going up and down the country disturbing the people's minds.

Before I was interrupted I was about to recite our experiences in the city of Saskatoon during that strike brought about as a result of this propaganda.

Miss MACPHAIL: What about the 1930 propaganda?

Mr. MacMILLAN: The hon. member can answer that, she knows all about it. I am not in the habit of interrupting in the house and I would ask my hon. friends to possess themselves in patience.

I was about to say that the different organizations in my city took a strike vote. My people had no quarrel with our city; their wage schedules had all been settled. This was purely a sympathetic strike and was known as such. The popular phrase then was "collective bargaining." The various operators in the different city utilities had informed us that they were going out on strike the next morning, so I said to our commissioner that I thought it was our duty to call on those men at the change of shifts and just impress upon them the seriousness of the step they were taking. That we did. Might I say, however, at a council meeting prior to that, a suggestion was made that we should send labour representatives and aldermen as a delegation to Winnipeg to inquire into strike conditions there and report back. The first place we went to was our electrical works and some man among the number present asked whether a suggestion of that kind had been made. Let me say at this point that among the employing class you will find hotheaded people just as you will find them in every other class. We told this gentleman that the suggestion had been made. We told him further that if they would appoint delegates, we would see that a delegation left for Winnipeg in the morning. The next morning these different labour organizations, having appointed their delegates, came to the council, and the delegation left our city for Winnipeg at noon that day. We arrived in that city and for all practical purposes the place was simply upside down, wagons going up and down the streets carrying great cards "By permission of the central strike committee." The authority of the city was in the hands of the so-called One Big Union soviet in which the hon. member for Winnipeg North Centre took a leading part.

Mr. WOODSWORTH: May I say that that is absolutely erroneous and I ask that it be withdrawn.

Mr. MacMILLAN: It was my hon. friend's agitation throughout western Canada, coupled with that of others, which brought about the condition in Winnipeg to which I have just referred.

Mr. WOODSWORTH: That statement is untrue, and I ask that it be withdrawn.

Mr. DEPUTY SPEAKER: In the first place the language used by the hon. member is not parliamentary, but in any case he must rise on a point of order.

Mr. WOODSWORTH: I rise on a point of order. I say that the statement made is not true and I ask that it be withdrawn.

Mr. DEPUTY SPEAKER: That is not a point of order.

Mr. MacMILLAN: If my hon. friend objects to the words I have used, I shall afford myself the opportunity of withdrawing them, but I shall read again from the Canadian Annual Review of 1919:

> The Winnipeg Strike: The O.B.U. Defeated
>
> This struggle was not an ordinary labour fight for better wages or improved conditions; it was a deliberate effort by an extremist element in the labour ranks to acquire control of labour organizations and capture the government of Winnipeg by means of a general strike, or series of sympathetic strikes, which would compel, by absolute force, the surrender

of the city into their hands and set loose elements which, it was hoped, would do the same thing elsewhere and, eventually, overthrow the existing system of national government.

Then I shall read from page 462 of the same review.

Mr. IRVINE: From whom is the hon. gentleman quoting

Mr. MacMILLAN: If my hon. friend would just listen instead of interrupting, I think he could follow me all right; I believe I am speaking fairly loudly.

Mr. IRVINE: I want to know from whom the hon. member is quoting.

Mr. MacMILLAN: At page 462 of the Canadian Annual Review, I find the statement continues:

> The Winnipeg strike was to be preliminary to the general strike proposed by the Calgary convention for June 1st, but afterwards postponed to July 1st; any others which could be arranged would be so much the more helpful. The dominant figure in the metal trades and council at this time was R. B. Russell whom the Winnipeg Free Press described (June 13) as "an open, avowed and blatant revolutionist."

I was speaking of my experience as mayor of the city of Saskatoon and that of the delegation that we took to Winnipeg to look into the whole affair. We were anxious that our men should not go out on strike; that they should stay at work. As I said, they had no quarrel with our city. We went to Winnipeg. One or two of those labour men were, I may say, extremists; they arranged for us a meeting with the central strike committee and we finally reached the labour temple where that committee was holding forth. After going through a swirling mass of men, not knowing what they were talking about, because it was utterly impossible to understand the language spoken, we eventually came to the entrance of this great labour temple where the central strike committee were carrying on their work. We had the greatest difficulty in elbowing our way into the hall, but finally we got to the door of the sanctum sanctorum. There was a big fellow standing outside inquiring who everyone was that came up through the corridor. They opend the door about two inches and a big bruiser inside peeked through and inquired who was there. Eventually, when they were told who we were, they let us in. Here we found the friend of the hon. member for Winnipeg North Centre—Mr. Pritchard. I forget whether Mr. Ivens was there or not, but I could name the whole box and dice of them. Here they were, with their coats, vests and even collars off, and some of them with their shirts off, with telephones jangling. They were carrying on like crazy men who did not know what it was all about. We could not get very much information there because these men were not in any frame of mind to discuss anything.

We went from there to the citizens' committee which was an organization of ordinary citizens of Winnipeg who had banded together for the purpose of protecting themselves. Let it be remembered that there was no fire protection in that city at that time and I do not think there was any police protection either; the men were all called out on a sympathetic strike. We met at the citizens' committee old gentlemen who had retired from business for fifteen years. There these gentlemen were, with aprons on, serving meals to the fire brigade, police force and every other department composed of volunteers from all over the city. From there we went to the city hospital where we met the superintendent. We were told that the central strike committee had advised him that they were calling out the next morning all the union men connected with the hospital. If they had done that, no electric appliances could have been used in the hospital; there would have been no heat and none of the great services, such as elevator and the like, for an institution of that kind. The superintendent advised us that he had to go down himself to the central strike committee's office, get on his knees and beg of those people not to call out these men on strike, because if they did much suffering and even death would result to those who were sick and unable to take care of themselves.

We went over to the Winnipeg Free Press, with whose statements my hon. friends opposite will agree. There we were met by Mr. Macklin who, I believe, is and has been for many years manager of that great paper. When we arrived at the newspaper office we found it guarded by twelve men walking around outside with guns, picked men in the employ of the Winnipeg Free Press. We finally got our card in and Mr. Macklin had to come all the way down to the door to be sure it was not somebody coming in to blow up the building. However, we eventually got into Mr. Macklin's office, and there he told us that three days before three of his own employees had come down to his office and told him that they were going to take charge of the plant the next day. "Well," he said, "what are you going to do with me?" "Oh well," they said, "we will use you just as long as it takes to build up another man and educate him to the point in the operation of this business that you have reached now, and then you can go." "Well," he said, "aren't

you going to consider at all the capital investment in this business? Aren't you going to give us anything at all for that?" "No," they said, "We are not going to do that at all. Out you go."

Now, Mr. Speaker, what I am getting at is this. That was in 1919, when I understand that this section of the criminal code was made law, and if it was required then, it is required twenty times more to-day having regard to the activities of some of my friends—

Mr. GARLAND (Bow River): Your friends, I should say so.

Mr. MacMILLAN:—in the corner to your left, Mr. Speaker. I am going to quote again from the Canadian Annual Review of 1919, at page 475:

> In the Commons Sir R. Borden on June 20 stated that the men were arrested under the criminal law of the country, upon the charge that they had engaged in a seditious conspiracy, and they were placed under detention upon that charge.
>
> In Calgary on the same day W. A. Pritchard of Vancouver was arrested on the same charge as the others. In Winnipeg on the twenty-third another O.B.U. leader, J. S. Woodsworth of Vancouver, a one-time Methodist minister who had taken Ivens' place on the Western Labour News, was also arrested and the journal itself suspended.

I think that confirms, Mr. Speaker, the statement I made a little while ago to which the hon. member for Winnipeg North Centre objected. Again quoting the hon. gentleman from Winnipeg North Centre:

> J. S. Woodsworth spoke at Calgary, on October 29, and declared that: "Although the British flag flies over this country, most of it is owned by Wall street financiers."

Mr. WOODSWORTH: Mr. Speaker—

Mr. DEPUTY SPEAKER: If hon. members want to put a question, they must ask the permission of the speaker who has the floor.

Mr. WOODSWORTH: I would like to know from what source the hon. gentleman is quoting.

Mr. MacMILLAN: Each time that I have quoted from this Review I have named it. It is the Canadian Annual Review for 1919. I think my hon. friend should recognize it by its colour. I wish to quote again from the same book, the Canadian Annual Review for 1919:

> In Montreal on the same date J. S. Woodsworth denounced the verdict and sentence and described the O.B.U. as merely an industrial organization; stated that "the one compensation for being in gaol was that one acquired the trust of the labouring people."

[Mr. MacMillan.]

I want to disagree with that statement right here. It is a reflection on the labouring people of this country. I have employed hundreds of them during the greater part of my life, and there is not a man in this house who can ever say or who will say that I have ever been unfair to the labouring men. When my hon. friend utters words like that, I say it is a reflection on the good Canadian working people of this country.

In closing, I just wish to state what the delegation which I had the honour of accompanying to Winnipeg from the city of Saskatoon said when they got home and reported to our council and the citizens generally. The labour men put the final clause into the resolution, and these labour men, as I told the house a moment ago, were, some of them, distinctly red, if you want to use the word, when they left Saskatoon, but when they came back, after seeing what they saw and hearing what they heard in the city of Winnipeg, they put into our resolution a clause to this effect: They said that the Winnipeg strike was nothing more and nothing less than an attempt at the overthrow of constituted authority and the establishment of a soviet government.

Mr. JEAN-FRANÇOIS POULIOT: Mr. Speaker, the first thing we have to do in this matter is to read the criminal code which, before section 98 was passed, contained provisions regarding rioting and sedition. Unfortunately the criminal code has been very badly drafted and a lot of definitions are missing. If the house will allow me I shall quote from the Encyclopaedia Britannica a definition of the word "sedition":

> Sedition, in law, an attempt to disturb the tranquility of the state. In English law it is a very elastic term, including offences ranging from libel to treason. It is rarely used except in its adjectival form, e.g., seditious libel, seditious meeting or seditious conspiracy. Sedition is a common law indictable misdemeanour, and embraces everything whether by word, deed or writing which is calculated to disturb the tranquility of the state, and lead ignorant persons to endeavour to subvert the government and laws of the empire.

That is the spirit of the law, and it is in that sense that it has been interpreted by all the courts of the country. Section 98 was probably inspired by the fear which the Union government had of the present member for Winnipeg North Centre (Mr. Woodsworth). We have heard so much about him from the previous speaker (Mr. MacMillan) that I might be allowed to say a few words about him, Mr. Speaker. I am sure that if the hon. member for Winnipeg North

Centre had been treated more fairly by the Union government during and after the war, he would not despise some laws as he does now and confound abuses of the law with the law itself.

Mr. WOODSWORTH: I rise to a point of order, Mr. Speaker. Although the hon. member may be defending me for the moment, I think he has inadvertently suggested that I am guilty of something of which I am not guilty. I am not confounding any abuses with the law itself nor am I disregarding the law at all in my amendment.

Mr. DEPUTY SPEAKER: I think it is not a question of order but a question of privilege, and the hon. member for Winnipeg North Centre is entitled to make his statement. I do not think the hon. member for Témiscouata is allowed to impute motives to the hon. member for Winnipeg North Centre.

Mr. POULIOT: I have never imputed motives to the hon. member for Winnipeg North Centre, Mr. Speaker. I have much respect for him, as much respect, in fact, as I have for the Prime Minister himself. Both are respectable citizens and law-abiding people, and both can be put in the same category as good members of parliament. I do not see why anyone should impute motives to the hon. member for Winnipeg North Centre. We may differ from him at times.

Mr. COWAN (Long Lake): The hon member—

Mr. POULIOT: Oh, is it the loon from Long Lake? Mr. Chairman, the loon from Long Lake has answered.

Mr. DEPUTY SPEAKER: The hon. member must be aware that the expression he is using is not parliamentary. Further, he must bear in mind that the House of Commons is a gentlemen's club.

Mr. POULIOT: I was speaking of birds. As I have been interrupted I shall have to begin the sentence again.

The DEPUTY SPEAKER: I think the hon. member should withdraw, because his language was not parliamentary and should not be used in the House of Commons.

Mr. POULIOT: I will withdraw, and say that the hon. member for Long Lake is not any more an angel than a bird, because he has no wings. Now, beginning my sentence for the third time, may I repeat that I was not imputing any motives to the hon. member for Winnipeg North Centre, because I respect him. I was trying to explain to the house the way I understood his views in the matter, and if I have been mistaken I must be pardoned. I have endeavoured to tell the house my personal views concerning the whole matter.

Let us now go back to past history. Hon. members who live in the province of Quebec cannot have forgotten what has been done by Tinoir Desjardins when another gentleman was Minister of Justice under the Union government. I do not place the blame upon the present Minister of Justice, but upon one of his predecessors. Hon. members must recall that the man Tinoir Desjardins was paid by the Department of Justice for a conspiracy against French-Canadians during and after the war, and that that same man was paid by the Department of Justice to blow up the house of Lord Atholstan in Cartierville. That is what the Union government did. Those people because they were afraid of the retaliation passed the legislation. Why? Was it directed against the hon. gentleman who is now member for Winnipeg North Centre? Was it directed towards any one who is now a member of this House of Commons? It was directed towards any one who at that time was frightening them. They were acting through fear; fear was their inspiration. Would that be a good way to deal with communists?

No one should be crushed under the iron heel of ruthlessness. The Prime Minister should wear moccasins; if he wore moccasins instead of an iron heel I would not be afraid of the way he would deal with that legislation. However, I am strongly against the iron heel of ruthlessness. There was enough legislation in the criminal code, before the enactment of the legislation now in question, to see to it that order be maintained in Canada. You, Mr. Speaker, are a lawyer, and you know the criminal code as well as any lawyer knows it. You know the meaning of seditious conspiracy. You know that in accordance with section 133 of Chapter 36—the Criminal Code—seditious conspiracy is "an agreement between two or more persons to carry into execution a seditious intention." Seditious intention has several times been defined by the courts. Every hon. member familiar with the law knows the meaning of the term. It is not necessary for him to be a king's counsel; any justice of the peace knows it. They know the interpretation which has been given by Canadian courts.

What is the punishment for sedition? Section 134 states:

> Every one is guilty of an indictable offence and liable to imprisonment for a term of not more than twenty years who speaks any seditious words or publishes any seditious libel or is a party to any seditious conspiracy.

Then, section 135 states:

Every one is guilty of an indictable offence and liable to one year's imprisonment who, without lawful justification, publishes any libel tending to degrade, revile or expose to hatred and contempt in the estimation of the people of any foreign state, any prince or person exercising sovereign authority over such a state.

Then, section 136:

Every one is guilty of an indictable offence and liable to one year's imprisonment who wilfully and knowingly publishes any false news or tale whereby injury or mischief is or is likely to be occasioned to any public interest.

Then, turning to section 131 we find the following:

Every one is guilty of an indictable offence and liable to seven year's imprisonment who—
(a) administers or is present at and consenting to the administration of an oath or engagement purporting to bind the person taking the same—
(i) to engage in any mutinous or seditious purpose;
(ii) to disturb the public peace or commit or endeavour to commit any offence;
(iii) not to inform and give evidence against any associate, confederate or other person;
(iv) not to reveal or discover any unlawful combination or confederacy, or any illegal act done or to be done, or any illegal oath or obligation or engagement which may have been administered or tendered to or taken by any person, or the import of any such oath or obligation or engagement;

And so on. That is sedition. The act states seditious conspiracy can be an agreement between two or more persons. Now let us see about unlawful assemblies and riots. In subsection one of section 87 there is a definition of the term "unlawful assemblies." It is as follows:

An unlawful assembly is an assembly of three or more persons who, with intent to carry out any common purpose, assemble in such a manner or so conduct themselves when assembled as to cause persons in the neighbourhood of such an assembly to fear, on reasonable grounds, that the persons so assembled will disturb the peace tumultuously, or will by such assembly needlessly and without any reasonable occasion provoke other persons to disturb the peace tumultuously.

It is not necessary that an assembly of three or more persons cause any tumult. All that is required is that people in the neighbourhood should have reasonable ground to complain that they fear certain persons will disturb the peace tumultuously. It is not necessary that there be any disturbance; fear of disturbance is all that is contemplated in the subsection. Subsection 2 of section 87 provides:

Persons lawfully assembled may become an unlawful assembly if they conduct themselves with a common purpose in such a manner as would have made their assembling unlawful if they had assembled in that manner for that purpose.

[Mr. Pouliot.]

There was enough protection in the criminal code as it was before section 98 was adopted, to maintain peace and order in the country, and I say section 98 is entirely unnecessary. The House of Commons more than once has voted for its repeal. I have nothing to complain about with regard to the hon. member for Winnipeg North Centre. I do not support him very often, but here is a case where the drastic and useless legislation of 1919 is supported in this house by extracts read from the Canadian Annual Review having to do with speeches delivered at one time by the hon. member. The hon. gentleman moved the bill, as he had a right to do. I was rather surprised that the hon. member for Saskatoon (Mr. MacMillan), who imputed motives to the hon. member for Winnipeg North Centre just as much as I did, was not called to order.

As a Canadian citizen who has nothing to do with the C.C.F., I am against any abuse of authority. I am free; I enjoy my freedom, and I want it to be untouched. Hon. gentlemen opposite may say that this legislation will be used only against the C.C.F. or against the communists, but it is not in the law. Even before this provision was included in the criminal code, the government of the day took advantage of the more ancient provisions of the law to abuse the people of my blood and race in my province by paying with public money a man who was hired to cause trouble, in order to cast a slur upon the whole French Canadian race. That was done by the Union government. I am not making a racial appeal now, but as a French Canadian I resented that action very much, and I know very well that if we had the same officials on duty to-day the same thing could happen again.

I will not discuss the matter further, Mr. Speaker, but before taking my seat let me repeat that we have enough legislation without section 98 to maintain social order in this country. That section is superfluous, and it may give to someone an opportunity to strike the spark which may lead to a huge conflagration in this country. I am against the use of force; I believe in reasoning things out. I am not impressed by loud speaking; any body of men meeting together can be reasoned with as man to man. It is not necessary to use force against anyone in this country, and for these reasons I support the bill.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I had not intended to take part in this debate, but some remarks made by the Solicitor Gen-

eral (Mr. Dupré) the other evening render it necessary that at least I should emphatically deny the statements he made at that time. May I say that I agree with the ex-Minister of Justice (Mr. Lapointe) in all that he said as to his reasons for supporting the original motion and for opposing the amendment moved by my hon. friend who is at the moment leading the house (Mr. Guthrie). I will not, therefore, go into the question of why we of the Liberal party are supporting Bill No. 24, to amend the criminal code; the arguments have been made amply clear in the course of the debate. I do wish, however, most emphatically to deny what has been, not merely alleged, but actually stated as a matter of fact by the Solicitor General. I shall read that part of Hansard which contains the remarks to which I refer, so that I may reply to them in due order. I have in my hand Hansard for February 21, and I shall read from the remarks of the Solicitor General as reported at page 2334:

Section 98 was inserted in 1919 and up to 1926 there was no move on the part of my hon. friends, who were then in power, towards the repeal of that provision. Then came the elections of 1925 and both parties were returned with almost equal strength. Then followed the famous letter written by my hon. friends of the Labour party, the hon. member for Winnipeg North Centre (Mr. Woodsworth) and the hon. member for Vancouver asking the then Prime Minister the price to be paid if he wanted the support of the two members.

Mr. Woodsworth: May I say that there is no member in this corner from Vancouver, and further that no letter such as described by the minister was signed by me. I ask that that statement be withdrawn.

Mr. Dupré: Instead of withdrawing, I will read the letter. It is quoted in Hansard of January 29, 1926, and reads:

Dear Mr. King:

As representatives of labour in the House of Commons, may we ask whether it is your intention to introduce at this session legislation with regard to—

(a) Provision for the unemployed;

(b) Old age pensions.

We are venturing to send a similar inquiry to the leader of the opposition.

Yours sincerely,

J. S. Woodsworth,
A. A. Heaps.

The hon. member for Winnipeg North Centre then went on to say—

Mr. Casgrain: What about the letter?

Mr. Dupré: He said:

We sent a similar letter to the right hon. leader of the opposition (Mr. Meighen) and to the leader of the Progressives. Mr. Mackenzie King was good enough to give us the opportunity to present our case in detail, and to-day I received from him the following letter, which I should like to place on Hansard.

Then follows the letter of the present leader of the opposition (Mr. Mackenzie King). As my time is short, I shall read only a portion of this letter.

An hon. Member: Read it all.

Mr. Dupré: It appears in Hansard and any hon. member can read it. The second and third paragraphs read as follows:

You will observe that the statement made by Mr. Lapointe was in accordance with the intimation which I gave to Mr. Heaps and yourself at the time of our interview, following the receipt of the communication herein referred to.

With respect to amendments to: (a) the Immigration Act; (b) the Naturalization Act; and (c) the criminal code, which were referred to at the time of our interview, I would say that having since taken up the proposed amendments with the ministers concerned, I feel I am in a position to assure you that legislation on these matters will also be introduced in the course of the present session.

Yours sincerely,

W. L. Mackenzie King.

Mr. Casgrain: Nothing wrong with that.

Mr. Dupré: A few weeks after that letter the then Minister of Justice introduced a bill to repeal section 98 because he and his leader wanted to pay the price for the support of the two labour members.

Mr. Fafard: That is the minister's own conclusion.

Mr. Bell (Hamilton): They would have gone out of power if they had not had it.

Mr. Dupré: It was in the name of British justice and British procedure that they asked for the repeal of section 98. My question at the present time is this: Is the Liberal party having recourse to the same tactics in 1932 that it had recourse to in 1926?

An hon. Member: This is 1933.

Mr. Lapointe: You are a year late.

Mr. Dupré: Are they paying a second price? That is my question.

Had that statement been made somewhere on the hustings or by a member of the House of Commons occupying a seat on the back benches I think I should have ignored it altogether, but, when a minister of the crown, from his seat in the house, charges the leader of a former administration with having sold his party to a group of individuals in the house, it calls, when untrue, not only for an emphatic denial, but also for the withdrawal of the statement the moment that denial is given.

May I point out first of all, as will be seen from the text, that the Solicitor General was asked to read the entire letter. He did not do so, but read only a part of it. He gave the following as his reason:

As my time is short, I shall read only a portion of this letter.

I have looked to see how much time the Solicitor General occupied in the course of his remarks. He had forty minutes in which to address the house. I find that what I have

read takes up in reading about half the entire time of his speech; so that quite clearly that reason for not having read the letter in its entirety is hardly one which will appeal to any fair-minded member of the house.

The first part of the communication, I submit to anyone who reads it, was left out because it rather served the purpose of the Solicitor General to conclude, after having read the latter part of the communication, with these words:

A few weeks after that letter the then Minister of Justice introduced a bill to repeal section 98 because he and his leader wanted to pay the price for the support of the two Labour members.

Without knowing what was in the first paragraphs, it might be thought by one reading only the latter part of the letter that they justified this kind of comment. I wish to point out first of all that the Labour members presented at the time a communication not only to the leader of the government of the day, but also to the leader of the opposition; it was an identical communication and, as was pointed out by the Solicitor General himself, having regard to the constitution of the house at that moment, neither one of the historic political parties was altogether sure of its position, and the labour leaders were seeking to obtain from each of them a statement of attitude with respect to certain legislation.

Now I think the Solicitor General should have read in its entirety the letter which was sent in reply by myself, and he should also have read the whole of the letter which was sent in reply to these gentlemen by the then leader of the opposition. I propose first of all to read the whole of the letter which was sent by me, so that hon. members may see for themselves what is referred to in the first paragraphs which were omitted by the Solicitor General:

Ottawa, January 28, 1926.

J. S. Woodsworth, Esq., M.P.,
House of Commons,
Ottawa.

Dear Mr. Woodsworth:

Replying to the letter received from Mr. Heaps and yourself, dated January 7, in which you ask whether it is the intention of the government to introduce at this session legislation with regard to: (a) provision for the unemployed; and (b) old age pensions, I would refer you, respecting provision for the unemployed, to the answer given in the House of Commons to-day by the Hon. Ernest Lapointe on behalf of the government in reply to a question by yourself, and which indicated the government's intention of carrying out with respect to emergency relief the practice adopted in cooperation with provinces and municipalities in the years immediately following the war. In answer to a question from Mr. Neill, Mr. Lapointe further intimated that it was the intention of the government to introduce at this session legislation with respect to old age pensions.

You will observe that the statement made by Mr. Lapointe was in accordance with the intimation—

I stop here to point out that the statement made by Mr. Lapointe had no reference to section 98 of the criminal code. It had reference to matters of old age pensions and unemployment relief. By omitting that part of my letter, the Solicitor General avoided making that particular point clear. I will repeat the words of the letter:

You will observe that the statement made by Mr. Lapointe was in accordance with the intimation which I gave to Mr. Heaps and yourself at the time of our interview, following the receipt of the communication herein referred to.

With respect to amendments to: (a) the Immigration Act; (b) the Naturalization Act; and (c) the Criminal Code, which were referred to at the time of our interview, I would say that having since taken up the proposed amendments with the ministers concerned, I feel I am in a position to assure you that legislation on these matters will also be introduced in the course of the present session.

Yours sincerely,
W. L. Mackenzie King.

You will observe, Mr. Speaker, with respect to these three matters, I pointed out that, before replying, I should wish to confer with my colleagues who were administering the particular departments to which these measures had reference, that I should be able to give an answer only after I had had an opportunity of consulting them. I mention that because it is rather significant in the light of the reply which the Right Hon. Mr. Meighen, who was leader of the opposition at the time, made to these same gentlemen. I would direct your attention to the fact that the same communication was apparently addressed to Mr. Meighen and myself. If the reply to that communication, indicating the respective attitudes of the parties they addressed, is to be regarded as a price that was paid for the political support of any group, that indictment should be directed as strongly against the then leader of the Conservative party as against the leader of the government which was in office. Mr. Meighen replied, on January 9, 1926, as follows:

Ottawa, January 9, 1926.

Dear Mr. Woodsworth:

Answering letter of yourself and Mr. Heaps of the 7th, if you will observe my remarks in the House of Commons in the first session of the last parliament you will find my views clearly expressed on the subject of relief for unemployment. The thing to do for the unemployed is to get them work, and I have been often very disappointed that I have never been

able to secure your cooperation in the least degree in an effort to extend the area of employment in this country. Certainly, if after all efforts are made there should occur, owing to special circumstances, such a volume of unemployment at a particular place as could not be taken care of locally, then the federal government should help. We did so in the past and would be prepared in similar circumstances to do so again.

As to old age pensions, I stated my views to you on the date your letter was written. May I add that in a matter of this kind I would consult most carefully and in a spirit of the utmost sympathy with labour representatives and those most interested in labour questions. Senator Robertson, for example, has given this subject more attention than any single man I know of, and I would certainly receive most favourably any suggestion he would make thereon. As stated to you personally, while I feel there are other subjects demanding attention in more pressing form at the present time, I realize that this is one of importance and will always be regarded by me as such.

Yours very truly,

Arthur Meighen.

I submit that these two replies make it quite clear that the position which was being taken by the leaders of the two historic parties in the House of Commons at that time was to all intents and purposes precisely the same. In the first place, in regard to the question of unemployment, Mr. Meighen's reply as to federal aid was virtually the same as the reply which I gave. If anyone reads the statement made by the ex-Minister of Justice (Mr. Lapointe), referred to in my communication, it will be seen to be the same. It was that the first obligation in the matter of unemployment relief was on the municipalities, then on the provinces, but that if a situation arose which was of an emergent character and the provinces were not in a position to grapple with it, then the Dominion government ought to assist in meeting that situation.

Mr. BELL (Hamilton): So long as they were not Conservative provinces.

Mr. MACKENZIE KING: I hope my hon. friend will allow me to make this statement without further interruption. What I am pointing out is that the leaders of the two political parties at that time gave, with respect to unemployment relief, which was a very important matter, almost exactly the same answer.

Now, with regard to the other question, Mr. Meighen said in his reply that he would wish to confer with certain of his colleagues before making a further statement; he would be guided in large measure by the advice which might be given to him by those who had the main responsibility in the matter. My reply was exactly the same—that until I had had an opportunity of conferring with the Minister of Justice, the Minister of Immigration or other ministers concerned in the particular matters referred to in the interview, I could not give an answer; but I would give the answer after I had had that opportunity. Replying to a communication of that character in the manner in which it was replied to was not different from answering a question upon the floor of the house as to the government's intention in the matter of legislation. As a matter of fact, the question was answered in the main upon the floor of the house before a formal answer was sent to the hon. member for Winnipeg North Centre and his colleagues. I think this is perfectly clear from the correspondence itself.

I wish to say emphatically that at no time, while I was leader of the late Liberal government, did I enter into any kind of a bargain or agreement, either expressed or implied, direct or indirect with any group or with any member or members of this House of Commons in connection with support to be given on account of any legislation. I make this statement to-day because we still have in this house the two Labour members who were here at that time, and we have also several members of the then Progressive party. The Labour members are here to-day, and I say in their presence that at no time did they indicate to me that their support would be given if certain legislation was introduced nor did I at any time ask their support of any legislation or promise any legislation as a condition thereof. The only questions which they ever asked me while I was leader of the government and which, I believe, they ever asked any member of the government, were questions similar to those they might have asked upon the floor of the house as to whether or not particular legislation was going to be introduced. I say this in the presence of the hon. member for Winnipeg North Centre and his colleague from North Winnipeg and, if I am wrong in my statement, I hope they will correct me immediately. As a matter of fact, they made no proposal of any kind offering their support to me in any particular any more than, I believe, they made any such proposal to the then leader of the opposition.

May I say further that my remarks in these particulars apply equally to every member of the Progressive party as it was then or has since been constituted. If any member of the then Progressive party or of the party now in the corner of the chamber will say that at any time he approached me offering his support on condition that certain legislation be in-

troduced or that I approached him for like purpose, I will be prepared to say that the statement I now make is wholly incorrect. I again assert that at no time did I ever consent to discuss such matters with any member either as an individual or as a representative of a group. There was no occasion to consent to discuss such matters because a proposal was never made as to any basis upon which support would be given.

In the parliament of 1921 to 1925, as hon. members who were here at the time will recall, the government of the day had an actual official majority of only one. If the votes and proceedings of the house are consulted it will be found that that parliament was really a parliament of large majorities. I believe the government of that day had the largest majorities of any government that has held office in this country since confederation. That fact is not by virtue of any support that was sought or bought from the Conservative party of the day, nor was it due to any support sought or purchased from the Progressive or Labour parties. It is due to the fact that the government of the day, in bringing forth the legislation it did, sought to adopt what it believed to be a reasonable and moderate course and to avoid extreme. As a consequence it received support for many of its measures from members of all parties in the house. When extreme measures were proposed by members of the Progressive party and opposed by the government of the day, the government received the support of Conservative members. Similarly, when measures which were regarded as reactionary were proposed from the Conservative side, the government of the day in opposing them received the support of members of the Progressive and Labour groups. Our policy was, as the policy of every government ought to be, to endeavour to introduce legislation which would appeal to the House of Commons as reasonable and necessary and which we believed would receive the support of the house. Our support was obtained in that way.

Evidently, the Solicitor General has been told that I was speaking of his remarks, because he has just entered the chamber. I ask him as an honourable gentleman and as a minister of the crown, unless he is prepared to substantiate the statements he made the other evening, to do what I believe he is expected to do in an assembly such as this, retract those particular statements. One of the statements to which I take exception is this:

> Then followed the famous letter written by my hon. friends of the Labour party, the hon. member for Winnipeg North Centre (Mr. Woodsworth) and the hon. member for Vancouver asking the then Prime Minister the price to be paid if he wanted the support of the two members.

And more particularly the further statement:

> A few weeks after that letter the then Minister of Justice introduced a bill to repeal section 98 because he and his leader wanted to pay the price for the support of the two Labour members.

And the further statement:

> Are they paying a second price?

I repeat to my hon. friend the Solicitor General what I said before he came into the house. If he had made that statement, as he probably has, somewhere on the hustings in the back concessions before he came into the House of Commons, I should have taken no notice of it; if he had made it as a private newly elected member of this house, I should probably have allowed it to pass; but, when he speaks as a member of the government and makes a statement of the kind in this house, I tell him that it cannot be permitted to pass notice or to stand. I ask him as an honourable member to accept my word, as I have given it to this House of Commons this afternoon, that at no time did I make any bargain concerning legislation, or concerning political support with any party, group or individual in or outside this house while I was leader of the Liberal administration.

In order that this matter may be cleared up once and for all, I should like to refer to one other matter which possibly has a bearing upon this question, a matter which has been referred to in different public discussions. While the particular matter I have just been discussing refers to the time at which the Liberal government was continued in office in 1925, the incident to which I wish now to refer relates to the time immediately prior to the going out of office of the administration in 1926. It has been said by hon. gentlemen that the government of that day tendered its resignation because it was afraid of a vote of censure which was pending before this house. I remember distinctly—

Mr. DEPUTY SPEAKER: The hon. member must not wander too far from the question.

Mr. MACKENZIE KING: It is not wandering.

Mr. DEPUTY SPEAKER: I have allowed the leader of the opposition to answer the Solicitor General, but I do not think we should drift too far away from section 98.

Mr. MACKENZIE KING: I am making the broad statement that at no time did I ever bargain for the support of any group in this house. I wish to make clear one incident which, while it is not capable of being so construed, I think ought to be known. At that time the house had before it a motion in the nature of a motion of censure. The government was contemplating moving an amendment to the effect that a royal commission, representative of all parties in the house, should be appointed to inquire into all customs matters in question.

Mr. BURY: Mr. Speaker, on a point of order, I submit that the matter into which the right hon. gentleman is now going is utterly out of order. He was speaking on a matter that arose out of the debate on the repeal of section 98, and that is the only matter in connection with which he has a right to address the house. He is now attempting to wander to a subject which has not the remotest connection with this debate.

Mr. DEPUTY SPEAKER: I understand that the right hon. the leader of the opposition intends to make only a brief statement. As far as I am concerned, I think the point of order is well taken; we should not wander away from the bill now before the house. If the statement of the leader of the opposition is only a short one, I shall not stop him.

Mr. MACKENZIE KING: My statement is simply this: At that time I ascertained that an amendment of the kind would be acceptable to the Progressive party and that they would support it if it were brought into this house. For that reason members of the government of the day had cause to believe that if they desired to retain power, power was theirs by virtue of the fact that the amendment would have been accepted by this house and the original motion of censure would not have carried. My reason for making that point quite clear is this: That was not seeking to gain support of any group in the house for the sake of maintaining power, because, as a matter of fact, the government, though it had the knowledge that an amendment for a royal commission would carry, did not wait for the motion to be further considered or for the amendment to be proposed and passed; its request for a dissolution was made, and its advice in that particular not having been accepted its resignation was tendered prior to further consideration of the motion, for the simple reason that the government felt that with the parties balanced as they were, and an imperial conference scheduled for later in the fall, it was much better that a new house should be returned in the interval in order that whatever government might be in power it would be in a position to carry on the work of parliament in a satisfactory manner and represent Canada with authority at the conference.

May I again say to the Solicitor General that I deny there was any effort to secure the support of any individual or group in any way by the promise of any legislation. There was nothing that at any time could be construed as a price at which support was obtained by the previous Liberal administration in its eight and a half years of office. In view of that statement, I ask him to withdraw the statement he made that the legislation to which he has referred was a price paid for political support.

Mr. DEPUTY SPEAKER: Do I understand that the leader of the opposition is rising to a point of order or a question of privilege? The Solicitor General has already spoken on this question and may not speak again unless the leader of the opposition raises a point of order or question of privilege.

Mr. MACKENZIE KING: I have no desire to do other than permit the hon. member to put himself right in the eyes of his fellow members, if he so wishes.

Mr. DEPUTY SPEAKER: According to the rules of the house he may not speak again.

Mr. MACKENZIE KING: If the house will agree, he may speak again. I am sure we on this side are prepared to allow him to do so.

Mr. DUPRE: I am quite willing to answer if I have the right to do so.

Mr. GUTHRIE: There is another point of order. Any comments that were made by the Solicitor General in regard to statements or actions or letters of my right hon. friend were made in regard to one who was not a member of the house at the time and I think such comments were quite open to the Solicitor General.

Mr. MACKENZIE KING: As a matter of privilege may I say that the Solicitor General, in the course of a debate that took place in the House of Commons two nights ago, made the statement that my colleague the hon. member for Quebec East (Mr. Lapointe) and I as leader of the Liberal Party had sought to obtain the support of certain Labour members at a price, the price being the introduction of legislation repealing section 98 of the criminal code. The Solicitor General went further—

Mr. BURY: I rise to a point of order.

Mr. DEPUTY SPEAKER: There is already a point of order being stated by the leader of the opposition.

Mr. BURY: I take the point of order on his raising the point of order.

Mr. DEPUTY SPEAKER: The leader of the opposition is speaking to a question of privilege.

Mr. BURY: I am raising a point of order on the question of privilege.

Mr. DEPUTY SPEAKER: I should like to have an opportunity of saying something myself.

Mr. BURY: My point of order is on the question of privilege.

Mr. DEPUTY SPEAKER: The leader of the opposition is speaking to a question of privilege, which is always in order. The hon. member for East Edmonton is rising to a point of order on the question of privilege. I think I must hear the point of order first.

Mr. BURY: My point of order is this, that the right hon. gentleman elected to make his statement to the house in the course of a debate on a motion for the repeal of section 98. He was allowed by your honour and the house to make his full, free statement on that debate and in that form. I am raising the point of order that he cannot now repeat on a question of privilege what he has already stated to the house in his speech in the course of the debate. He is trying to do again on a question of privilege exactly what he has already done in his speech during the debate.

Mr. DEPUTY SPEAKER: I am afraid I cannot agree with the hon. member. If I have to decide that members who repeat what they have already said are out of order, I shall not have much rest. As long as an hon. member has not spoken for forty minutes, he may use as much of that time as he wishes, but he will be stopped by the forty minute rule.

Mr. MACKENZIE KING: My further point is that no hon. member is permitted to impute motives to another hon. member. I think your honour has already so ruled this afternoon. The following statement in the speech of the Solicitor General imputes motives and carries an implication which is not warranted. He said:

> My question at the present time is this: Is the Liberal party having recourse to the same tactics in 1932 that it had recourse to in 1926? Are they paying a second price? That is my question.

I ask the Solicitor General to withdraw that statement.

[Mr. Bury.]

Mr. DUPRE: I am quite willing to answer and I claim the right to answer.

Mr. DEPUTY SPEAKER: The rule is clear that if an hon. member rises and says that some statement asserted against him by another hon. member is not correct, the other hon. member is bound to accept his word. The Solicitor General must accept the word of the leader of the opposition.

Mr. DUPRE: This is the interpretation that I had given and I still maintain as to the attitude taken by the Liberal party—

Some hon. MEMBERS: Order.

Mr. DEPUTY SPEAKER: In all fairness, I think the Solicitor General should be allowed to explain what he meant, but I have ruled that he is bound to accept the word of the leader of the opposition.

Mr. DUPRE: What I meant is very plain, and it is on Hansard. I do not think I have anything to withdraw. I have the right to put a question to the leader of the opposition or to any hon. member around him. I asked him to state whether this was the price or not. The leader of the opposition is quite at liberty to give whatever answer he wishes. May I draw his attention to page 2335 of Hansard?

Mr. CHEVRIER: I rise to a point of order. I submit that the hon. gentleman has no more right to ask a question which imputes motives than to impute motives in a direct assertion.

Mr. DEPUTY SPEAKER: This seems to be a tempest in a teapot. The hon. member from Ottawa is right: the leader of the opposition has answered the statement made by the Solicitor General by saying that the assertions made by the Solicitor General are not correct, so far as the leader of the opposition is concerned, and one member must accept the word of another. Therefore I think the Solicitor General should gracefully withdraw the imputation he has made.

Some hon. MEMBERS: Withdraw.

Mr. DUPRE: I do not think I should withdraw. I believe I have a right to say what I think and I am not obliged to withdraw what I think.

Some hon. MEMBERS: Withdraw.

Mr. DEPUTY SPEAKER: I do not think we should make a big question of this. One hon. member says that what another hon. member states about him is not correct. Such a statement of an hon. member has always been accepted. I think the Solicitor General is bound to accept the statement of the leader of the opposition.

Mr. DUPRE: I should like to know what it is the Chair wants me to withdraw.

Mr. DEPUTY SPEAKER: The leader of the opposition said, if I am right—and I may be wrong: "The Solicitor General accuses me of offering a price to the labour members for their support, and I say that this is not correct; I ask the Solicitor General to withdraw it." According to parliamentary custom and usage, the Solicitor General must withdraw.

Mr. DUPRE: May I draw attention to what I said?

Some hon. MEMBERS: Withdraw.

Mr. DUPRE: This is what I said, at page 2500 of Hansard—

Mr. VALLANCE: The point of order has been settled.

Mr. DUPRE: It seems to me my hon. friends opposite do not want light; they only want me to withdraw.

Mr. DEPUTY SPEAKER: The Solicitor General has only to say this: I accept the word of the leader of the opposition.

Mr. DUPRE: May I say, this Mr. Speaker?

Some hon. MEMBERS: No, no.

Mr. HANBURY: There is a speaker in the chair, and he has given his ruling.

Mr. DUPRE: I do not like my right hon. friend to put words into my mouth that I did not use. This is the question I put, as it appears at page 2335 of Hansard:

> My question at the present time is this: Is the Liberal party having recourse to the same tactics in 1932 that it had recourse to in 1926?
> An hon. Member: This is 1933.
> Mr. Lapointe: You are a year late.
> Mr. Dupré: Are they paying a second price? That is my question.

That applies to the Liberal party.

Mr. DEPUTY SPEAKER: That is precisely the statement of which the right hon. leader of the opposition complains. He has said that that statement is not according to fact, and has asked the hon. Solicitor General to take his word. I think according to parliamentary rules the hon. member is bound to accept his word and take back his statement

Some hon. MEMBERS: Withdraw.

Mr. MACKENZIE KING: What my hon friend has just referred to is only one-third of what he said. If he will look at the earlier part of his speech, he will see that he used these words:

> A few weeks after that letter the then Minister of Justice introduced a bill to repeal section 98 because he and his leader wanted to pay the price for the support of the two labour members.

I say to the Solicitor General that we had no price to pay, that we had never negotiated in any shape or form, directly or indirectly, with respect to the support of the labour members, and I ask my hon. friend in view of that statement to withdraw his statement.

Mr. DUPRE: That was my interpretation, and it seems to me that I have a right to my own interpretation.

Mr. DEPUTY SPEAKER: Not to prolong the discussion on the point of order, I have given my ruling, and it is this: that the hon. Solicitor General must acept the statement of the right hon. leader of the opposition.

Some hon. MEMBERS: Withdraw.

Mr. DUPRE: I suppose I am bound by the ruling of the Chair, but that does not prevent me from keeping my own opinion.

Some hon. MEMBERS: Make him withdraw.

Mr. CHEVRIER: I submit, Mr. Speaker, that under the rules and usages of this house an hon. gentleman must retract as a gentleman of this house has to. His withdrawal must be unqualified.

Mr. DEPUTY SPEAKER: I think the hon. member for Ottawa (Mr. Chevrier) is quite right.

Mr. DUPRE: May I ask you, Mr. Speaker, to repeat the last words you said? With all this noise I did not catch them.

Mr. DEPUTY SPEAKER: I said that the hon. member for Ottawa was right, that when an hon. member accepts the statement of another he must do so unqualifiedly. It is done every day. The hon. Solicitor General must accept the word of the right hon. leader of the opposition, and I am sure that he can do it very gracefully.

Some hon. MEMBERS: Withdraw.

Some hon. MEMBERS: Name him.

Mr. DEPUTY SPEAKER: I hope the hon. member will not force me to ask him to withdraw.

Mr. DUPRE: Mr. Speaker, I shall abide by the ruling of the Chair.

Some hon. MEMBERS: And withdraw.

Mr. DUPRE: And, Mr. Speaker, I shall not qualify my statement.

Some hon. MEMBERS: Withdraw.

Mr. DEPUTY SPEAKER: The decision of the Chair is this: The hon. member must recognize that he must rise in his seat and say that he accepts the statement of the right hon. leader of the opposition—that and nothing else, and he must do it.

Mr. DUPRE: Hon. gentlemen opposite certainly seem to enjoy it. At all events, Mr. Speaker, under your ruling I shall accept what you have said, and I accept also the statement and declaration made by the right hon. leader of the opposition.

Mr. MICHAEL LUCHKOVICH (Vegreville): I have two reasons, Mr. Speaker, for objecting to section 98 of the criminal code. The first is that it does not do what it purports to do, and the second is that the section might be used to prosecute and persecute the innocent. I was not particularly interested in whether the Solicitor General (Mr. Dupre) was going to withdraw his statement or not, but I was interested in the statement he made a few days ago, that communism was spreading throughout the length and breadth of this land, and that it was necessary to retain this section in order to prevent the dissemination of the pernicious and seditious doctrines of communism. But I wonder, Mr. Speaker, whether keeping this section on the statute books will do what the Solicitor General has suggested. It is my own opinion that nothing will keep extreme radicalism alive so much as the attempt forcibly to suppress it, and that is exactly what is being done by keeping this section on the statute books. I believe that communism thrives on hard times, and every club used and every man put in gaol under this section is simply making martyrs out of communists, which is exactly what they are looking for. Communism has become a religion amongst a certain class of people; like all religions it needs saints and martyrs, and the greater the number of martyrs, the greater becomes the number of adherents to join the ranks. I believe that to make communism illegal will simply result in driving the communists underground, into the catacombs of this country, as it were.

I have been informed by many men in the west and in the big cities that agitators are now going from house to house advocating communism, and that this section has absolutely failed to stop the spread of the doctrine. I have wondered whether we could not follow the custom in England where they allow people the greatest freedom of speech as a sort of safety valve. It allows people to get rid of a lot of excess steam. I visited England in 1931, and I heard people uttering in public many seditious things against the king and the queen. There were a lot of bobbies standing around when they were saying these things, but nobody seemed to pay any attention to the speeches, and anyone who has studied the election results in England a few years ago must come to the conclusion that after all the communists have not made much headway there, and why? Because, as I have already said, they have over there a safety valve which certainly has done much to prevent the spread of communism in that country. On the statute books in England there is no legislation such as that now under consideration identical with that on ours. I am of the opinion that Englishmen would look upon it as a source of weakness, not of strength, to have such laws on their statute books. Carl Axelson told me before he died that the reason he was so anxious to increase the number of communists among the foreign born was that he wished to follow the line of least resistance. They were the class that was the most discriminated against and would therefore listen to what he had to say.

I have heard a great deal said about foreigners in Canada. I should like to say that the spread of communism among them could easily be eradicated if they were met half way, given a helping hand and a square deal. A Czechoslovakian miner some time ago gave me the reasons why he had joined the communist party. His words were, "I joined the communist party because men of my type are the under dogs; the worst, least paid and most dangerous jobs are given to us. We are the goats of all the industrial trouble. That is the reason I have become a communist." I think we might do well to ponder the words of this so-called foreigner, because if we are to eradicate communism in Canada we will have to attack it at its source. I do not think it will be destroyed simply by having section 98 on the statute books.

I believe it was an Irishman who, speaking of the foreigner said, "Don't worry about the foreigner; he's all right. All you need to do is to give him a square deal and a helping hand, and as soon as he gets out of the skinned class into the skinners' class he will sing 'God save the King and heaven bless the maple leaf forever' as vociferously as do the rest of us."

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Hon. PETER HEENAN (Kenora-Rainy River): Mr. Speaker, I rise to say that I am in favour of the repeal of section 98 of the criminal code; in fact I never did think there was any necessity for it. I believe there is even less reason for having it now, because recently the government enacted a measure for the peace, order and good government of this country.

I regret, Mr. Speaker, that in the discussion of this measure we have drifted away from the merits of the case. I think we might very well decide whether or not section 98 should remain on the statute book without making personal attacks on the hon. member who introduced the measure. We must remember that bills similar to this passed the House of Commons on five different occasions, and at one time, if my memory serves me aright, a similar bill failed to pass the Senate by only two or three votes. Many statements have been made with respect to the hon. member for Winnipeg North Centre (Mr. Woodsworth), all designed to make him appear more radical than other members of the house and attempting to connect him with some radical movement in this country. All I can say is that the hon. gentleman's constituents have answered such charges many times. They have shown the high esteem in which he is held in the city in which he resides, and I have personal knowledge of the great support he receives from many labouring people throughout Canada. Any attacks such as have been made during this debate will not detract in the least from the regard held by many people throughout Canada for the hon. member.

I feel sure, Mr. Speaker, that the citizens of Winnipeg would much rather have the incident of 1919 considered closed. I do not believe they are desirous of having that deplorable strike, which we all regret, discussed at every opportunity, especially when it leads to so many hon. members expressing views which are entirely erroneous, with many of them founded on rumour rather than on fact. To-day the hon. member for Saskatoon (Mr. MacMillan) read some quotations from a red covered book, and apparently he was quite satisfied that the statements he made were correct. If hon. members of this house wish to obtain accurate information they can do so from the files of the government. I know there are a number of files in existence in the different departments; for instance, there is a very large file in the Department of Labour.

Reference has been made to the part played by the One Big Union in the Winnipeg strike. I think I know something about that strike; I happened to be running into Winnipeg at the time, and I used all my persuasive powers to keep the men whom I represented from going on strike. I was in close contact with the situation, and I know that the One Big Union was not in existence at the time the Winnipeg strike occurred. I know the strike was the result of a dispute between the metal workers of Winnipeg and their employers. The dispute started in the first instance just as every other strike starts; the metal workers were denied the right of collective bargaining. Then, after the strike started, it spread until, as has been said, it became practically uncontrollable. The strike committee have been blamed for many things with which they had nothing to do. Servants in the hotels; domestic servants; the T. Eaton staff, and even policemen and firemen went on strike. This was no fault of the strike committee, which was merely endeavouring to maintain the principle of collective bargaining, which principle had been advocated by the government of Canada in an order in council passed on May 1, 1919.

I think we should try to see the good points of hon. members of the house instead of trying to find out bad things about them. If hon. members look up the files they will find a telegram which was sent on June 21 by Mr. Andrews, who was representing the government in Winnipeg. That telegram was addressed to Mr. Meighen, then Minister of the Interior, and it stated that the strike committee did all they could to prevent the parade which led to the riot in which one man lost his life. The strike committee could not have been so very bad if the representative of the government could write such a eulogy as that. Hon. members will also find that the strike committee suggested terms of settlement which were regarded by the employers as very reasonable. These would have been accepted had it not been for a committee of citizens and representatives of the Dominion government who interfered because they did not want to see the strike settled; they wanted to see it broken. Everyone realizes why that was in their minds at the time.

Hon. members will find also that the government of the day managed to get along very well without section 98. A number of men were arrested, and when the then Minister of the Interior was acquainted with that fact he wired Winnipeg questioning the

legality of their arrest. That was the cause of the famous telegram of which everyone has heard, which read:

> Notwithstanding any doubt I have as to the technical legality of the arrest and the detention at Stony Mountain, I feel that rapid deportation is the best course now that the arrests are made, and later we can consider ratification.

So that the government have every power in their hands if they wish to exercise it, without resorting to section 98.

I will not discuss the Winnipeg strike in detail; I do not see what good purpose that would serve. I placed myself on record fully in 1926 and I have since then held a position of responsibility in relation to matters of this sort, so that I know that all strikes, big or little, are subsequently distasteful to those who participated in them, leaving a feeling of resentment among all parties to the dispute. There is another reason why I do not want to enter into details at this time, whether members of the government will give me credit for it or not. It is that at least one hon. gentleman who was very active in the Winnipeg strike is in bad health to-day and I do not wish to add to his trouble or make it more difficult. The 1919 strike was to be deplored, as are all strikes, and I thought we had heard the last of it. I do not think it is right to bring it up at this particular time because there is no reason for it. We can discuss the merits or demerits of section 98 without going back to the Winnipeg strike. I recall that when I had a more responsible position than I occupy to-day we satisfied or partly satisfied the postal workers in Winnipeg, and I believe that we removed the bitterness from that aspect of the trouble. Then we eliminated the necessity for what was known as the slave pact in Winnipeg. The city council permits its employees under certain conditions to become members of a union, and altogether the bitterness that characterized the Winnipeg affair has fast faded away.

Mr. SPENCE: Why not let it die out then?

Mr. HEENAN: My hon. friend is one of those—

Mr. SPENCE: I say that in all sincerity; you are the only one who is talking about the Winnipeg strike.

Mr. HEENAN: It is dead now so far as I am concerned unless I am compelled to refer to the matter again. Let me say however that there is no Conservative in this house or in Canada who ought to raise his voice in connection with the Winnipeg strike without hanging his head in shame.

In my opinion, section 98 is not the real cause of resentment; my personal opinion is that it is the manner in which it was enacted in this house. That is what has caused the suspicion with regard to it. All labour organizations I know of in Canada, whether national or international, Conservative or anything else, have put themselves on record time and again in favour of the repeal of section 98. We could do without it before we enacted it and we can do without it now. So far as I can see there is no necessity for it. I hope we shall not enter into any further discussion of the Winnipeg strike. If we do—I am not issuing this as a threat—I shall take some other occasion to go into the subject from A to Z and clean it up once for all. In the meantime I am in favour of the repeal of section 98, because I think we should remove this last cause for the feeling that exists in that part of the country.

Mr. P. A. SEGUIN (L'Assomption-Montcalm) (Translation): May I, sir, express my views and set forth the reasons which will guide me in casting my vote. The hon. member for Winnipeg North Centre (Mr. Woodsworth) requests the repeal of section 98 of our Criminal Code, chapter 36 of the Revised Statutes of Canada. This section, in my opinion, aims at suppressing:

> "Any association, organization, society or corporation, whose professed purpose or one of whose purposes is to bring about any governmental, industrial or economic change within Canada by use of force, violence or physical injury to person or property, or by threats of such injury, or which teaches, advocates, advises or defends the use of force, violence, terrorism or physical injury to person or property, or threats of such injury, in order to accomplish such change, or for any other purpose, or which shall by any means prosecute or pursue such purpose or professed purpose, or shall so teach, advocate, advise or defend, shall be an unlawful association."

And the repeal of this section is requested by a member whose past record and principles laid down, on many occasions, lead us to believe that he might be associated with one of those societies which, perhaps, have not always in view peace and order in this country. That is my first apprehension. Moreover, it is undeniable that, at present, throughout the country, seditious doctrines are preached and might, perhaps, find adepts, seeing that the

ground is well prepared as a result of the crisis that our governments seem unable to control.

I therefore have no hesitation in stating that, in my humble opinion, it mattered little whether, in 1919, section 98 was placed on our Statutes; or whether in 1926, 1927, 1928, 1929 and 1930 it could have been repealed without the slightest inconvenience, but, circumstances have changed, and I think that if to-day our Criminal Code did not include this provision, it would be necessary to provide for such a section, and a thousand reasons would prompt us to do so.

Mr. LAVERGNE (Translation): Hear, hear!

Mr. SEGUIN (Translation): This is why I deem it necessary to vote against the bill of the hon. member for Winnipeg North Centre (Mr. Woodsworth) and support the amendment of the hon. Minister of Justice (Mr. Guthrie).

Mr. ONESIME GAGNON (Dorchester): I will not detain the house very long. I rise to congratulate the hon. member who has just taken his seat (Mr. Seguin) on opposing the bill proposed by the hon. member for Winnipeg North Centre (Mr. Woodsworth). According to information I have recently received, his attitude will certainly be approved by the leader of his party in the province of Quebec, the Attorney General of that province, the Hon. Mr. Taschereau.

Last week I had the pleasure of a conversation with one of the most important officials in the department of the Attorney General of Quebec. He said that on this point he disapproved absolutely of the attitude taken in this chamber by the hon. member for Quebec East (Mr. Lapointe) in approving of the legislation presented to this house by the hon. member for Winnipeg North Centre. This gentleman said that had it not been for this legislation the Attorney General of Quebec would not have been able last year to arrest, bring to trial, convict and deport a great number of communists in Rouyn in Timiskaming county.

Mr. GIROUARD (Translation): May I ask the hon. member a question?

Mr. GAGNON (Translation): Certainly.

Mr. GIROUARD (Translation): Does not the section which refers to seditious acts cover the case the hon. member mentions?

Mr. GAGNON: The hon. member has spoken in French, but with the permission of the house I shall continue my remarks in English. I say to the hon. member that it has been recognized by leading advocates at the bar in all the provinces of Canada that the article referred to by my hon. friend is not sufficient. It is the opinion of the Attorney General of Quebec that this section is absolutely essential for the preserving of order in his province.

Mr. CASGRAIN: Where has he given that opinion?

Mr. GAGNON: It was given just eight days ago to an hon. member of this house in my presence. That was the statement made by Mr. Lanctot, Deputy Attorney General. The hon. member for Charlevoix-Saguenay (Mr. Casgrain) is well known to the Hon. Mr. Taschereau, as they both represent the same county. The hon. member is also the official whip of the Liberal party and I challenge him to present a letter in this house from the Attorney General of Quebec showing approval of the stand taken by the hon. member for Quebec East.

This is all I have to say, because I do not think I could add anything to the eloquent words uttered by the hon. member for Montmagny who has so well expressed the views of the whole province of Quebec.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I regret that many of the hon. members who have participated in this debate have not seen fit to discuss the bill in question but have taken the opportunity either to denounce the communists or to direct a personal attack against myself. The hon. member for Saskatoon (Mr. MacMillan) had a good deal to say about the Winnipeg strike, and during the course of his remarks he quoted from the Canadian Annual Review. May I state that the article from which he quoted is a most grotesque misrepresentation of what took place in Winnipeg.

It has been said that this strike was carried on by the One Big Union, but the fact is that that organization did not come into existence until after the strike was over. The strike was called after a vote by the Trades and Labour Council of the city of Winnipeg which is composed almost entirely of the international unions. I could give complete details of the vote, but a partial list was given on May 13 and it showed some 8,667 in favour of and 645 opposed to the strike. The strike was called by what are generally known as the

legitimate labour unions. It has been stated on the floor of this house that the O.B.U. is a communist organization, when as a matter of fact the O.B.U. and the communists are bitterly opposed to one another. This fact can be readily obtained from the files of The One Big Union Bulletin and The Worker, the organ of the communist party. Further, may I point out that so far as the citizens of Winnipeg are concerned, a very large number of them have expressed themselves again and again as wishing to let this incident in the life of our city be forgotten. I might point out that three of the men who were convicted because of the strike were elected to the provincial house while still in gaol. The day they left the gaol they took their places in the provincial house. My colleague, the late Mr. F. J. Dixon, member of the provincial house, was mentioned on the floor of this house. He was tried for sedition, was acquitted and then reelected to the provincial house with the largest majority Winnipeg has ever known. Upon our city council, our school boards and our university council are men who were closely connected with the Winnipeg strike. The last elections indicated fairly well the situation as it exists in Winnipeg. Mr. Webb was elected as mayor with 25,120 votes while Mr. Queen, M.L.A., who is one of the men convicted at the time of this strike, received 21,898 votes.

Mr. GARLAND (Bow River): Does not the hon. member mean the recent civic elections?

Mr. WOODSWORTH: Yes, the civic elections: Mr. Penner, the communist candidate, received 3,526 votes. We have a system of proportional representation, and a very considerable number of the second choice votes for the communist candidate went to swell the majority of Mr. Webb.

An hon. MEMBER: How do you know that?

Mr. WOODSWORTH: Because some of our men were present at the counting of certain of the votes. The fact that Mayor Webb received 25,120 votes and Mr. Queen, 21,898 votes would seem to indicate that those who were connected with the Winnipeg strike are not the villains that in this house they are made out to be.

It has become a practice to quote extracts from newspapers which are not favourable to the labour and farmer members, and I want to take exception to this practice. I might very well charge the hon. member for Weyburn (Mr. Young) with advocating polygamy. If he ventured to object I could quote from Hansard of only a few days ago when he said:

—the only solution that I can see is to allow every farmer three wives.

That is from the official record. As the hon. member for East Algoma (Mr. Nicholson) very well said in objecting to isolated quotations, you can quote parts of paragraphs of a book and give them any meaning you like. Again and again I have heard quoted isolated passages from newspaper accounts and, at that, from newspapers known to be hostile to the labour movement. This is not fair argument.

Since the matter has been taken up so definitely, let me for a moment, revert to the question of the Winnipeg strike and my connection with it. While on a lecture tour I arrived at Winnipeg in the third week of the strike. I had nothing whatever to do with the calling or the conduct of the strike, but when the editor of the labour paper was arrested I took charge of it and carried on for about a week, when I was arrested, charged with sedition, and the paper suppressed. The character of the prosecution may be judged from that of the charges brought against me. There were included three articles written by my friend, F. J. Dixon, who was afterwards acquitted when charged with sedition. With regard to my own three articles, one was conciliatory, published at the earnest request of some of the leading business men of Winnipeg whom I could easily have called as witnesses. The second article consisted very largely of quotations from the Right Hon. Arthur Henderson. The third consisted of two passages from the Book of Isaiah, put in at the bottom of an article to fill out the column. The other day the statement was made that no one had ever been arrested for having a Bible in his possession. Well, I do not know whether that may be true, but I, for one, was arrested for having quoted from the King James' version of the English Bible. I shall quote what I published, and any lawyer in the house knows each count stands by itself:

The jurors aforesaid do further present:

4. That J. S. Woodsworth, in or about the month of June, in the year of Our Lord 1919, at the city of Winnipeg, in the province of Manitoba, unlawfully and seditiously published seditious libels in the words and figures following:

Woe unto them that decree unrighteous decrees, and that write grievousness which they have prescribed; to turn aside the needy from judgment, and to take away the right from the poor of my people, that widows may be their prey, and that they may rob the fatherless!

Isaiah (10: 1-2).

I understand from some of those engaged in the prosecution that the ground was to be taken that this was directed against Ottawa. The second quotation is:

> And they shall build houses, and inhabit them; and they shall plant vineyards, and eat the fruit of them. They shall not build, and another inhabit; they shall not plant, and another eat: for as the days of a tree are the days of my people, and mine elect shall long enjoy the work of their hands.
>
> Isaiah II (65: 21-22).

Those passages were credited to Isaiah and published without comment. I understand again from some of those engaged in the prosecution, who were very good friends of mine, they intended to take the ground that the second quotation was a sure indication of bolshevism and, further, that what was quite correct to be read in churches, was too serious to be uttered at the time of an industrial dispute. I am not going to continue on that, but it will afford the house some indication of the methods adopted at the time of the Winnipeg strike. I am not in the slightest degree ashamed of any part that I took at that time.

A great deal has been said about the communists. I should like first of all to correct a slight misquotation which was made by the Minister of Justice (Mr. Guthrie) of what I said. He stated:

> I was glad to hear my hon. friend from Winnipeg North Centre describe one organization, namely the Canadian Labour Defence League, as a subsidiary of the communist organization which has already been declared by the courts of Ontario to be an unlawful association under section 98.

As a matter of fact, I did not mention the name "Canadian Labour Defence League." I was trying to point out that under the section it was quite possible to charge subsidiary organizations with being illegal, and this is what I said:

> It is not merely one particular organization that is declared to be unlawful; this subsection covers any subsidiary association or branch or committee thereof. As is well known to hon. members of this house, there are what are really subsidiaries of the communist party.

That was my judgment in the matter.

> One branch devotes itself to the defence of its members who may be arrested, while another is engaged in the industrial fields in organizing the trades unions and so on.

That is what I said.

Mr. GUTHRIE: Did I misunderstand my hon. friend to-night? I thought he said, in speaking of a newspaper, that The Worker is an organ of the communist party. Am I correct in that?

Mr. WOODSWORTH: I think I did say that, although I would not like to be expected to prove that it is; I take it for granted it is. Perhaps I should qualify that by saying it is considered to be such; I have always thought of it as such. I wanted to make that slight correction of the statement of the minister in order to be clear, because I have no knowledge of the details of the communist organization, but I know that these organizations are popularly supposed to be closely connected. My point was to indicate that subsidiaries of a parent organization may also be declared illegal.

May I say with regard to the communist party, that I am not here to defend that party.

Some hon. MEMBERS: Oh, oh!

Mr. WOODSWORTH: Some hon. members may laugh, but I want to repeat that. I am not here to defend the communist party; I am not here to advocate force. I have been opposed to force for years.

Mr. LAVERGNE: Why the bill?

Mr. WOODSWORTH: Never mind the bill. The hon. member, of course, can make his inferences. The Deputy Speaker, who is now interrupting, took the ground to-day, while in the chair, that one hon. gentleman had to accept the statement of another hon. gentleman.

Mr. LAVERGNE: On facts, on his own declaration.

Mr. WOODSWORTH: Yes, and the fact is that I am not a member of the communist party; that I never have been. The fact is that I have never advocated force.

Mr. LAVERGNE: Then why the bill?

Mr. WOODSWORTH: I shall refer to that, but the fact is that I have never advocated force.

Some hon. MEMBERS: Oh, oh!

Mr. WOODSWORTH: Some hon. members may laugh in derision, but they know they dare not rise and make a contrary statement. I had not thought to go into this question, but as a matter of fact, at the time of the last war I changed my whole career because I could not bring myself to advocate force; I refused in any way to associate myself with force at that time. If any serious hon. member present wants the proof of that, he can find it in the statement of my resignation from the Christian ministry at that time. I have since then consistently

maintained that attitude, and although I have been associated with labour organizations some of whose members advocate force, I opposed their position. In turn I have been definitely opposed again and again by the communist party.

Someone said the other day that we need not oppose this legislation, if we were not intending to advocate force, since then the section would not affect us. I have never made it a practice to advocate only the abolition of those things which might hurt me. I think this legislation is unjust, and even although the communists have opposed me and will continue to oppose me, I think it is right to advocate the repeal of the section.

If anyone here wants further proof of the attitude of the communist party towards us I have a long string of quotations here that I could give. Here is one dating as far back as July 1930:

> The Labour party is a third party of capitalism. It has gone completely over to the service of the capitalist class in deceiving the workers, in splitting the force of the workers, in attempting to suppress and break the struggles of the workers. In reality there is no difference between the platform of the labour parties and the other capitalist parties.

And so they go on. I think I heard someone say "at the present time." I will give a quotation dated February 4, 1933:

> Other similar incidents can be recorded such as J. S. Woodsworth's refusal to sign the amnesty list demanding the release of Tim Buck and his seven fellow prisoners. Woodsworth's refusal to sign the amnesty demand exposes the hollowness of his criticism of section 98. Instead of demanding the unconditional and full repeal of section 98, he proposed harmless "amendments" and "deletions" which do not weaken but rather strengthen the key stone of government reaction. Woodsworth's amendment to section 98 proposed specifying in the code the words "physical force and violence" instead of just "force and violence"—so making section 98 more watertight and a more dangerous weapon against the workers.
>
> These individuals are the bulwark of capitalist reaction. They are the first to disavow any revolutionary intentions and to dissociate themselves from militant workers attacked by police. They are the chief supporters of the R.C.M.P. terror against the working class. They must be guarded against and exposed.

That is the attitude taken by The Worker, which I have always regarded as the official organ of the communist party in Canada.

Mr. HANSON (York-Sunbury): It sounds to me like a joke.

Mr. WOODSWORTH: If you had the bitter opposition of these people in elections year after year, you would not think it was any joke.

[Mr. Woodsworth.]

Some of the speakers have taken up the question of the riots in Kingston penitentiary. Again I say I have nothing to do with those riots, nor has the bill; for the bill was introduced, or sought to be introduced, last year. I would say in passing, however, that the fact that we have had riots in Kingston and a number of other penitentiaries ought to indicate to us that we should have a thorough investigation into the conduct of all our penitentiaries and into the general question of the way in which we treat our prisoners.

May I go further and emphasize a point which was mentioned by my colleague from East Hamilton (Mr. Mitchell), and that is the protest of the labour bodies against this section. As early as 1920 the Trades and Labour Congress protested against these sections. My colleague from East Hamilton read a part of the report which was made to the congress at that time, from which I quote:

> The attention of the Congress should be directed to the words "force," and "terrorism" in the above sections coupled as they are with the words "industrial or economic change."
>
> The use of these words leaves the door wide open for the prosecution of every trade union in Canada. If "force" is intended to mean "physical force" it should be so stated. The pressure or influence exerted by trade unions is the exercise of "force." That can be interpreted to come within the above section. Read the following extract from Judge Metcalfe's charge to the jury in the Russell case:
>
> "Mr. Russell gave us his idea of a sympathetic strike. He said, 'When a dispute originates between an employer and his employees, and when the Labour organizations see that organization being beat, they come to their assistance by calling a strike to force their employers to bring force to bear upon the original disputants to make settlement.' That is Russell's definition given in the box. . . . Force, force, force."
>
> Any dictionary will show that "force" has a very wide meaning, covering "influence," "pressure," and the like. If the statute meant "physical force" it would not go on to enumerate "violence" and "physical injury." It must, therefore, have a different meaning from "violence" and "physical injury." A court would be quite justified in interpreting the word in its natural or dictionary sense.
>
> As for the word "terrorism," some light can be thrown upon the interpretation of it by that given it in the Winnipeg case of Rex v. Russell. There Judge Metcalfe says:
>
> "To walk around about, for instance, to a place where people are employed in large numbers, and to 'boo,' gentlemen of the jury, as much terror may be inspired through that as by two or three fighting chaps coming along with bludgeons. Take it from me in strikes you can incite terror without hitting a man over the head. You can incite terror of starvation; you can incite terror of thirst. Is not that quite as effective as inciting by bodily violence? Your stomach will bring you quicker than a crack on the head sometimes. If it is possible that picketing can be done in this country, then the lawful method of picketing is so ineffective that it is a reasonable inference that

in strikes of this class unlawful means would be intended to be applied. Sometimes it has a deterring effect upon people's minds by exposing them to have their motions watched, and to encounter black looks."

The last couple of lines show the possibilities of the word "terrorism."

The words "force" and "terrorism" should be struck out of the section.

That gives in brief form the basis of the objection of the trades union movement in this country.

May I call attention to one of the results of legislation of this character, and that is the panicky fear engendered in the minds of a good many of our officials placed in anything like a responsible position, and no doubt passed on to the general public. The hon. member for Toronto West Centre (Mr. Factor) the other night referred to an incident that occurred recently in Toronto in connection with one of the collegiate institutes, and in this connection I think it is worth while to read from a news item in the Toronto Star of February 17, 1933. It is headed:

Police end boys' meeting to discuss world crisis. Jarvis Collegiate Institute students tried to form group for economic study. Principal calls officers. Youths questioned on economic beliefs.

I give a few excerpts from the article:

For the second time in two weeks policemen have been pitted against school children. The latest victims of these tactics are Barney and John Meyers, 326 Queen St. E., pupils of Jarvis Collegiate, whose interest in current economic questions brought five plainclothesmen upon them when they attempted to organize a study group to discuss the subject of "The Student and His Importance in Solving the Economic Crisis."

The two brothers distributed circulars among their fellow students on Tuesday morning, inviting all those interested to attend an open forum the following night. For this purpose they had rented a hall at 177 Berkeley St.

"While I was handing out the cards," stated John Meyers to The Star, "Mr. Jeffries, who is principal of Jarvis Collegiate, came up to me, took one of the cards and said to me: 'You are treading on very dangerous ground.' But I couldn't see that I was doing wrong by getting together a bunch of young people to talk about the economic situation. Neither my brother nor I are communists, we are not affiliated with any party, but we are just interested in current events.

"I told the principal that I didn't think I was doing anything wrong and went on distributing the cards."

Called from Classroom

"He didn't say anything, but shortly after I was called out of class and ordered to the principal's office, where two big men who seemed to be plainclothes policemen started to question me. They asked me if I was a communist, or if I was connected with any political organization and I told them I wasn't." . . .

" . . . After I had talked for a while the men seemed convinced that everything was all right, and that there was nothing wrong with the meeting we wanted to call."

"After I went back to my room I thought the matter was closed and everything was all right for the meeting, because the men had seemed satisfied that we weren't intending to overthrow the government, by violent means."

"Nothing else happened after that until Wednesday night about eight o'clock. As we were arranging the hall at 177 Berkeley St., for the meeting we heard some men talking to the caretaker outside. We heard just enough to know that they were talking about the meeting, so we went outside to speak to them. There were three of them altogether—one of them, who did most of the talking, said he was from the attorney-general's department, and the other two said they were city police plainclothesmen.

"We asked them what they were doing there, so the man from the attorney-general's department said: 'We got a 'phone call to come down here to-night because trouble was expected.' My brother Barney told them we were not trying to make trouble, but that we merely wanted to organize a study group to talk about economic questions. Barney quoted to them part of section 98, which says that no one must advocate the overthrow of the government by force and explained to the policemen that we weren't breaking the law.

"Barney told them that there was no possible chance of trouble, that we were opposed to any form of revolution, and that we did not have communistic ideals. Finally the plainclothesmen decided to let the metting proceed, but by this time the people who own the hall heard that policemen were on the premises and they were so frightened of trouble that they wouldn't let us go on with the meeting. . . .

" . . . It's a pretty sad state of affairs when young people, 15, 16 and 17 are not permitted to come together to discuss something of vital importance to them and their parents, without being suspected of communism."

I believe nothing could better indicate the situation in which we find ourselves because of this kind of legislation.

May I point out again, as I did on the introduction of the bill, that the men in Kingston penitentiary are not convicted of having advocated force; they are not convicted of having used force. They are convicted of belonging to an organization affiliated with certain organizations in Russia, and it is alleged that these organizations in Russia, according to the thesis given, are in favour of the use of force. It is not fair, then, in presenting the case before the House of Commons, to say that these men have been convicted because they advocated force. They were convicted because of certain beliefs they held; that is all. I would not have had a word to say, had they been convicted of using force—not a word. They are convicted under section 98 of the criminal code, which has reference to persons belonging to an organization which advocates the use of force. But I say these men, as individuals, were not convicted either of using force them-

selves or of advocating the use of it. They were convicted simply of belonging to a party or organization affiliated with another organization in Russia which, according to the evidence, believed in the use of force.

Mr. MORAND: But they were prepared to use force.

Mr. WOODSWORTH: I presume one could draw that inference, but certainly nothing of the kind is shown in the evidence; it is not proven, and it was not charged. The objection I have to the section is that essentially it prohibits certain beliefs and, as I said the other day, if those beliefs were held alone by communists I would not feel so strongly in the matter. I think, however, we must confess that all modern states are built upon and maintained by force.

An hon. MEMBER: Not Canada.

Mr. WOODSWORTH: Further, all down through history it has been generally admitted that under certain circumstances resort might be had to force. That being so, it seems to me it savours of persecution—

Mr. COTNAM: You are an awful tail twister.

Mr. WOODSWORTH: —when one particular group of people holding a belief common to so many people in the country are sent to a penitentiary for holding it.

I believe it is quite the proper thing for anybody in Canada to protest against the extension of communism; that is quite proper. But I want it done through lawful means, through what I would term British means. If any man gets up in Canada and advocates the use of force he may be charged and convicted under certain sections of the criminal code. Certainly, if any man practices force he can be charged and convicted under some sections. What I am objecting to is simply this, that because the members of a certain organization have certain beliefs they can be singled out, charged with a crime and convicted.

Mr. LAVERGNE: No man can be convicted under section 98 for only a belief.

Mr. WOODSWORTH: I must differ in that regard. It is because I believe those men in Portsmouth to-day have been convicted in that way that I take this stand.

Mr. LAVERGNE: It is impossible.

Mr. WOODSWORTH: I am sorry to differ.

Mr. LAVERGNE: It cannot be done.

Mr. WOODSWORTH: But it has happened. I am not a lawyer, and perhaps I have misread the evidence. However, I have tried to read it, and after reading it I have formed the conclusion that these men were convicted because of their beliefs, and not because of their actions.

Mr. LAVERGNE: No, it could not be done.

Mr. BELL (Hamilton): It was because of what they publicly advocated.

Mr. WOODSWORTH: They are not charged with advocating force.

Mr. BELL (Hamilton): Yes.

Mr. WOODSWORTH: I would ask hon. members who are lawyers to read the evidence. I repeat the men convicted are not charged with advocating force; there is nothing in the charge against them about advocating force.

Mr. LAVERGNE: They are charged with belonging to an association which resorts to force; that is what they are charged with.

Mr. WOODSWORTH: But that is not the same as advocating force.

Mr. MORAND: If they are true disciples of their organization, it is.

Mr. COTNAM: You could fool the devil.

Mr. WOODSWORTH: I think hon. members in this chamber who have legal training should surely see my point.

Mr. LAVERGNE: We do.

Mr. WOODSWORTH: Surely they can see the distinction I am trying to draw.

Mr. LAVERGNE: It is far worse to use force—

Mr. WOODSWORTH: They have neither used nor advocated force, and yet they are convicted.

Mr. BURY: May I ask a question?

Mr. WOODSWORTH: Certainly.

Mr. BURY: If a man believing in force as a means to overthrow lawful institutions and lawful authorities gives overt expression to that belief by joining an association which professes that doctrine, would the hon. member say he was not guilty of more than mere belief?

Mr. WOODSWORTH: Let me point out that when there was trouble in Ireland a few years ago—

Some hon. MEMBERS: Answer the question.

Mr. WOODSWORTH: May I point out that when there was trouble in Ireland a few years ago there were a good many members of Irish—

Some hon. MEMBERS: Answer.

Mr. COWAN (Long Lake): Answer the question.

Mr. WOODSWORTH: May I point out that a few years ago when there was trouble in Ireland, when there were certain organizations which were bound to overturn the government by force, and when there were certain people, even in high places, who were actually advocating the overthrow, and other people drilling troops in order to effect the overthrow, there were sympathetic organizations in this country. There is no doubt about that.

Mr. LAVERGNE: The Irish took their medicine.

Mr. WOODSWORTH: In answer to the question I would say that there were people in this country who believed the Irish would have to resort to force in order to retain their rights.

Mr. BURY: The hon. member has not answered my question. It was this: If a man believed in force as a means of overthrowing lawful authority and institutions, and joined a society which held such beliefs as its professed and avowed object, would he not be doing more than merely believing in force? Would he not be committing on overt act by associating himself with these doctrines, and by his membership would he not be doing his best to advocate and propagate those beliefs?

Mr. WOODSWORTH: Personally I do not think so, and at the same time I say that so far as I am concerned I am opposed to force. On the very days that we have been considering this section of the criminal code, we have been considering at other times our national defence estimates. Some of the very men who have been urging the retention of this section have been very intent on keeping up our defence forces and even training our boys and girls in the use of arms in order that they may be prepared to defend their country.

An hon. MEMBER: Who is training girls?

Mr. WOODSWORTH: Yes, there is some training of girls going on along the same line even in this city. I think some of us may be permitted to take the other view, that after all trouble arises very largely because of certain maladjustments in our social structure, and that the way to deal with these things is not by repressive measures but rather by getting rid of the causes of the evils. Some of us honestly take that point of view. We take it in connection with international questions; we say that instead of maintaining standing armies we should adopt those methods that will bring about a larger measure of international amity and by removing those causes which everyone knows produce war.

Mr. MORAND: That is not contentious at all.

Mr. WOODSWORTH: Very well. Some of us take that point of view in international affairs, and some of us take the same point of view in connection with the communists. There are certain injustices under our society to-day that so long as they continue inevitably will breed contempt of law. We take the ground that instead of trying to suppress these people in this way, by deporting those who are deportable and by putting the others in the penitentiary, we should be removing the causes of the injustice. In that way I think we will do away with the troubles we are experiencing at the present time. A good many hon. members seem to think that if they are only well enough guarded all this trouble will cease. I would point out to them that nearly all revolutions and civil wars of the past have been precipitated by those who have been closely associated with or trained by the military. It is doubtful whether we would have had the successful revolution in Russia, according to those who were there at the time, had it not been that a large number of soldiers were returning from the front, and they played a very prominent part at that time.

Mr. LAVERGNE: That is not very sound history.

Mr. SPEAKER: The hon. member has spoken for forty minutes.

Mr. WOODSWORTH: Perhaps I might have just a moment more.

Some hon. MEMBERS: Sit down.

Some hon. MEMBERS: Go ahead.

Mr. WOODSWORTH: I was interrupted for nearly five minutes, so perhaps I might be given two or three minutes more. I was going to say that I have been in close contact with labour men, some of whom are very radical, and I believe there is a real danger if we allow force to be exerted along present lines. Perhaps I might take just one incident from the Winnipeg strike. I knew nothing of the details of the conduct of that strike until after I had acted as editor for a few days, when I was admitted to the committee. One day, I remember, a group of returned men came into the room and urged that the labour people should drop their policy of peace and "start something", as they put it. They said, "We are men of action. We have just got back from the front and we are tired of your policy of peace and inaction." I am very proud of the labour men who were present; they said, "No, that would be fatal to the conduct of our strike." The returned

men grumbled and went out of the room. They said, "This is your strike and we will do as you say, but when the next trouble comes we will take the lead."

In closing, Mr. Speaker, I want to say that I have not brought in this bill with the view of making it any easier for anyone to urge the use of force in this country. I will join with anyone in denouncing the use of force or the advocacy of force, but I do plead for the removal of this legislation, which is objected to by important sections of our community, and which readily lends itself to abuse.

The house divided on the amendment (Mr. Guthrie) which was agreed to on the following division:

YEAS

Messrs:

Anderson (Toronto-High Park),
Arsenault,
Arthurs,
Baker,
Baribeau,
Belec,
Boulanger,
Bourgeois,
Bowen,
Bowman,
Boyes,
Burns,
Bury,
Chaplin,
Charters,
Cotnam,
Cowan (Port Arthur-Thunder Bay),
Cowan (Long Lake),
Davies,
Denis,
Dickie,
Duguay,
Duranleau,
Edwards,
Embury,
Esling,
Fortin,
Fraser (Cariboo),
Gagnon,
Ganong,
Geary,
Gobeil,
Gordon,
Hanson (York-Sunbury),
Hay,
Lacroix,
Laflèche,
LaVergne,
Loucks,
Macdougall,
MacNicol,
McDade,
McGillis,
McGregor,
McLure,
Maloney,
Manion,
Mercier (Laurier-Outremont),
Moore (Chateauguay-Huntingdon),
Morand,
Nicholson,
Perley (Qu'Appelle),
Pettit,
Pickel,
Plunkett,
Porteous,
Price,
Quinn,
Roberge,
Robinson,
Rogers,
Ross,
Rowe,
Sauvé,
Séguin,
Senn,
Shaver,
Simpson (North Simcoe),
Simpson (West Algoma),
Smith (Victoria-Carleton),
Smith (Cumberland),
Spankie,
Spence,
Spotton,
Stanley,
Stewart (Leeds),
Stewart (Lethbridge),
Stirling,
Stitt (Nelson),
Stitt (Selkirk),
Sutherland,
Tétreault,
Thompson (East Simcoe),
Thompson (Lanark),
White (London),
White (Mount Royal),
Willis,
Wilson,
Wright.—89.

[Mr. Woodsworth.]

NAYS

Messrs:

Beaubien,
Blair,
Bothwell,
Bouchard,
Bourassa,
Bradette,
Brown,
Butcher,
Carmichael,
Casgrain,
Coote,
Deslauriers,
Desrochers,
Duff,
Dumaine,
Dupuis,
Elliott,
Fafard,
Fraser (Northumberland, O.),
Garland (Bow River),
Gershaw,
Girouard,
Hanson (Skeena),
Heaps,
Hepburn,
Hurtubise,
Ilsley,
Irvine,
Jean,
Kennedy (Peace River),
Luchkovich,
MacInnis,
Macphail, Miss,
McKenzie (Assiniboia),
Mitchell,
Neill,
Parent,
Reid,
Sanderson,
Speakman,
Spencer,
Veniot,
Weir (Macdonald),
Woodsworth,
Young.—45.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Anderson (Halton),
Barber,
Barrette,
Beaubier,
Bell (Hamilton),
Bell (St. Antoine),
Bell (St. John),
Bennett,
Beynon,
Black (Halifax),
Cahan,
Cantley,
Casselman,
Dorion,
Dupré,
Garland (Carleton),
Gott,
Guthrie,
Hackett,
Harris,
Johnstone,
Jones,
Kennedy (Winnipeg),
Larue,
Laurin,
Lawson,
Lennox,
MacDonald (Cape Breton),
Macdonald (Kings),
MacLaren,
MacMillan,
McGibbon,
Matthews,
Mullins,
Murphy,
Myers,
Peck,
Perley, Sir George,
Rhodes,
Ryckman,
Ryerson,
Factor,
Totzke,
Rhéaume,
Ahearn,
Mercier (St. Henri),
Raymond,
Dubois,
King,
Euler,
Dubuc,
Rinfret,
Cardin,
Howard,
Verville,
Ferland,
Goulet,
Rutherford,
Lapointe,
Perras,
Jacobs,
Donnelly,
MacLean,
McIntosh,
Thauvette,
Fontaine,
Gray,
Pouliot,
Urquhart,
Vallance,
Fiset,
MacKenzie (Vancouver),
Power,
Moore (Ontario),
Howden,
Stewart (Edmonton),
Bertrand,
Gardiner,
Marcil,
Ralston,
Chevrier,
Taylor,

Short,	Heenan,
Smoke,	Cayley,
Sproule,	Golding,
Stevens,	Malcolm,
Stinson,	Hall,
Sullivan,	Brasset,
Swanston,	Munn,
Tummon,	St-Père,
Turnbull,	McPhee,
Weese,	Lucas,
Weir (Melfort),	Motherwell.

Mr. GOLDING: I was paired with the hon. member for East Lambton (Mr. Sproule). Had I voted I would have voted against the amendment.

Mr. St. PERE: I was paired with the hon. member for South Hastings (Mr. Tummon). Had I voted I would have voted against the amendment.

Mr. BARBER: I was paired with the hon. member for Humboldt (Mr. Totzke). Had I voted I would have voted for the amendment.

Mr. MACKENZIE KING: I was paired with the Prime Minister (Mr. Bennett). Had I voted I would have voted against the amendment.

Mr. STEVENS: I was paired with the hon. member for North Bruce (Mr. Malcolm). Had I voted I would have voted for the amendment.

Mr. GUTHRIE: I was paired with the hon. member for Quebec East (Mr. Lapointe). Had I voted I would have voted for the amendment.

Mr. RYCKMAN: I was paired with the hon. member for Ottawa (Mr. Chevrier). Had I voted I would have voted for the amendment.

Mr. HEENAN: I was paired with the hon. member for Digby-Annapolis (Mr. Short). Had I voted I would have voted against the amendment.

Mr. LUCAS: I was paired with the hon. member for Prince Edward-Lennox (Mr. Weese). Had I voted I would have voted against the amendment.

Mr. HARRIS: I was paired with the hon. member for Cartier (Mr. Jacobs). Had I voted I would have voted for the amendment.

Mr. McINTOSH: I was paired with the hon. member for Winnipeg South Centre (Mr. Kennedy). Had I voted I would have voted against the amendment.

Mr. McGIBBON: I was paired with the hon. member for Quebec South (Mr. Power). Had I voted I would have voted for the amendment.

Mr. CASSELMAN: I was paired with the hon. member for Sherbrooke (Mr. Howard). Had I voted I would have voted for the amendment.

Mr. RYERSON: I was paired with the hon. member for Norfolk-Elgin (Mr. Taylor). Had I voted I would have voted for the amendment.

Mr. GARLAND (Carleton): I was paired with the hon. member for Russell (Mr. Goulet). Had I voted I would have voted for the amendment.

Mr. GOTT: I was paired with the hon. member for Kent, Ontario (Mr. Rutherford). Had I voted I would have voted for the amendment.

Mr. DORION (Translation): I was paired with the hon. member for Lotbinière (Mr. Verville). Had I voted I would have voted for the amendment.

Mr. DUPRE (Translation): I was paired with the hon. member for Joliette (Mr. Ferland). Had I voted I would have voted for the amendment.

Mr. BARRETTE (Translation): I was paired with the hon. member for St. John Iberville (Mr. Rheaume). Had I voted I would have voted for the amendment.

Mr. PERRAS (Translation): I was paired with the hon. member for Stanstead (Mr. Hackett). Had I voted I would have voted against the amendment.

Mr. LARUE (Translation): I was paired with the hon. member for Vaudreuil-Soulanges (Mr. Thauvette). Had I voted I would have voted for the amendment.

Main motion (Mr. Woodsworth as amended agreed to on division.

COOPERATIVE COMMONWEALTH

The house resumed from Thursday, February 9, consideration of the motion of Mr. Woodsworth:

Whereas under our present economic arrangement large numbers of our people are unemployed and without the means of earning a livelihood for themselves and their dependents;

And whereas the prevalence of the present depression throughout the world indicates fundamental defects in the existing economic system;

Therefore be it resolved, that, in the opinion of this house, the government should immediately take measures looking to the setting up of a cooperative commonwealth in which all natural resources and the socially necessary machinery of production will be used in the interests of the people and not for the benefit of the few.

Mr. CAMERON R. McINTOSH (North Battleford): When your honour called it eleven o'clock two weeks ago to-night, I was

dealing with the structureless resolution moved by the hon. member for Winnipeg North Centre (Mr. Woodsworth) which in my opinion is clearly indicative of what we might term wild or unbridled socialism, a resolution that is destructive in design and subversive of those individual and political liberties to which we have been accustomed in Canada. On that occasion I presented three points of view.

One was that I refused to accept the statement made in certain quarters that the financial, economic and industrial order of Canada was crumbling to pieces about our feet. I repudiated that statement then and I repudiate it again to-night as a Canadian. I also refused to accept the point of view that we have been hearing here and there in regard to the competitive and capitalistic system built up in Canada during the last hundred years, to the effect that that system is actually falling to pieces, tumbling to destruction, and would be ultimately if not immediately destroyed if we did not do something. I do not believe that our economic and industrial order is perfect; it is not flawless; it has its weaknesses. But I do not believe we ought to scrap the present system and institute a socialist state in Canada at the present time. I say therefore that what is being done and will be done, making a survey of that structure, finding out its weaknesses, getting at the facts and adjusting ourselves to the facts, continuously and aggressively, will save us from any impending danger. I believe that the resourcefulness, the ability and the determination of Canadians, as manifested in various ways in the past, will be equal to any occasion in the future and will place Canada once more on the highway to development and prosperity.

Another point of view I tried to make plain when this subject was last under discussion was that in the dilemma in which we find ourselves to-day in this depression we ought to stand on the rock of individual liberty, and I stressed the point that by standing on that rock we could work out our economic and industrial salvation. The moment we move off that rock we shall find ourselves in difficulties. It was pointed out that if we took any other position than that we would find ourselves in the miry clay of socialism, which would land us absolutely nowhere. I tried to make plain that we did not need to ape Russia at the present time nor follow the policy either of Mussolini in Italy or of Hitler in Germany. We can cope with our own difficulties provided Canadian democracy takes the stand suggested. If we do that we shall win out in the long run.

[Mr. McIntosh.]

Thirdly, I tried to show that so far as the first part of the resolution was concerned it contained nothing new, and the second part of it was not in accordance with facts, while it was pointed out that the conclusion based upon these premises was untenable and should not be supported. In this connection I believe that the prayer of Canadians to-day ought to be for the deliverance of this dominion out of the fearful pit and muck of socialism, for the principle of the socialistic state is not and will not be acceptable to Canadians at all. It is unnecessary for us to have anything to do with it and Canadians need not put their faith in any form of socialism, because if we stand by our constitution and do our duty as Canadians we shall be able to emerge from our difficulties successfully.

May I say that in regard to socialism as a cult it falls far short of what it ought to be from the standpoint of three important principles of statesmanship. One important principle of statesmanship is to give security to possessors. Socialism will not do that; it will take away what the possessors have and give it to those who have not. That is not security and consquently socialism stands condemned from that point of view. Another aim of sound statesmanship is to afford facilities to those who have not to acquire. Socialism would not afford such facilities to those who have not because individuals under a socialist state would be simply chattels of the state and would own or control nothing. Socialism would also fall short of another recognized standard of statesmanship, namely, to give hope to all. It would give hope to none. Indeed as far as giving hope to the people of Canada is concerned, socialism would fail dismally.

I say therefore that although our social and business structure is not perfect, although we shall have to take recognition of its imperfections and remove them surely yet gradually, socialism is not the method whereby we can meet the grievances of our people at the present time or cure the national ills.

Let me traverse briefly the field of Canadian history. In years gone by when Canadians were fighting the battles of political liberty, there was no such thing as socialism. It was never heard of. They did not need any socialistic belief in order to win our political freedom in upper and lower Canada. The Liberals of that day courageously stood for political liberty, they won political liberty, and we have that liberty to-day. Further the Liberals of that day stood for the supremacy of parliament legislatively and commercially; they stood for a reformed coinage, for representation by population, for control of revenue, for

efficiency in the administration of government, for responsible government and the breaking up of the family compact; they stood for political reform and brought about that reform years before confederation was launched —brought it about without the aid of socialism.

But that is not all. At the present time the Liberals of Canada stand for economic as well as political reform. They are now fighting the many economic battles required to be fought to put Canada on its feet. The Liberal party of the present day stands for social justice, the one great end of government and society. Liberalism of to-day stands for freedom of trade, for the greater control of banking, currency and credit, for the development of our primary industries, for personal and human liberty, for complete responsible government, for a balanced budget, for the lifting of debt and taxation from the shoulders of our people, for greater government economy and for certain reforms in an electoral way. In this great fight for economic reform—I would term it economic liberalism—we can get along very well without accepting the indefinite resolution moved by the hon. member for Winnipeg North Centre. We do not need it. Although we have difficulties to face, although our economic order is not perfect, it should not be scrapped and destroyed and something put in its place about which we know very little. Canada is not ready for anything like that. Although many people are willing to listen to a discussion of this "state over all" obsession, although in many places the meetings in its behalf are enthusiastic, I believe that upon reflection and through a test at the ballot box, socialism will land nowhere in Canada. As a member of this house and as a Canadian I am opposed to the resolution and I intend to vote against it.

If I understand the resolution correctly its purpose is to tear down and destroy. It states that a socialistic order must be set up, which means that our economic and political order must be torn to pieces, taken away and this socialistic order put in its place. May I say there are certain people in Canada and beyond our borders who stand for a policy of destruction. For instance, there are those who pin their faith to the social and political belief of nihilism. Nihilism is what? Nihilism believes in the tearing down and destroying of our social, our economic and political order. Nihilism was born in Russia as a reaction to czarist rule. It believes everything is bad and must be destroyed; there is no thought of political redemption or reform. The nihilist believes that everything should be destroyed but himself and when everything is destroyed but himself he will be free to go to work to build up a nihilist state—a nihilist state on the ruins he has helped to bring about.

Nihilism is a policy of destruction something like the policy indicated in this resolution. I would say that a policy of destruction, whether nihilist or socialist, is absolutely wrong and ought to be voted down in this House of Commons.

There is another belief, also born in Russia, that of anarchism. What is anarchism? Anarchism is closely related to nihilism, nihilism and anarchism are closely related to communism and they are all linked up to socialism. My reason for referring to these different beliefs is to show that they are nothing more or less than policies of destruction—not construction. Anarchism believes that all government and all law ought to be destroyed. The aim of anarchism is to set up the individual and make him supreme so that he will be able to ward off all opposition from government or law. Anarchism does not believe in law, moral, political or economic. The idea of the anarchist is to produce as he pleases and consume as he pleases; produce in accordance with his powers and receive in accordance with his needs. The policy of destruction is quite evident in anarchism and in that regard it is similar to the socialism being put forward by many people to-day throughout Canada. History has proven that there is no greater evil than anarchism, and history will prove too that there can be no greater evil forced upon the Canadian state or upon the free people of this country than socialism if we are foolish enough to accept it.

I am one who believes that the individual should be progressively restricted. I am quite willing to limit the liberty of the individual and to accept the policy of state control to a certain degree as long as that state control is compatible with the freedom of the individual who makes up the state. What about socialism? It stands for a superstate, a superstate represented by a highly organized and powerful central government. This central government will be made up of economic planners, economic dreamers, economic crusaders, and economic uplifters who are going to make Canada perfect under socialist rule. Now, what about this policy of socialism? It aims to control economic thought and the economic activity and collective effort of the individual, even cooperation itself. It means the control of the natural resources of the country, of the machinery of production, distribution and exchange. It means the control of the homes, the churches, the schools, the institutions, the property and the wealth of our nation. It can be readily understood that under any policy which sets

out to tear down every institution in the country, the individual will be a mere chattel.

Under socialism we would have uppermost at all times state paternalism, state diffusion of prosperity: taxation would be taken over, and since taxation has about arrived at its climax so far as the distribution of the income of the nation is concerned, socialism would take control of banking, currency and credit—also the investment resources of the people. It would scrap individual and human liberty; it would develop a rigid uniformity; there would be a dead level similarity, there would be no equality, no freedom of contract; there would be an excess of undeveloped potential talent, and individual talent would be standardized and repressed. We can easily see that under a system of this kind there would be no individual liberty, the only real foundation of national sovereignty and greatness. On this account socialism which is known as nationalism, communism, collectivism, would be largely on a par with anarchism and nihilism, because they have as their common objective an ideal cooperative state. They all stand for that, but beyond that we have no definite details. The very ideal of democracy is that the people must be distrustful of any power irrespective of the hands in which it is placed, and before we accept any socialist state, before we throw away the individual and collective liberty of the Canadian people, we must be very careful to know what we are to receive in lieu thereof.

If we vote down this resolution—as it will be voted down—and do not accept the principle of the resolution in regard to setting up a socialist state in Canada, we would naturally favour perfecting our own social and economic order and, if it is not functioning correctly, we should make it so function. When we take that attitude, we must realize that we are standing for the full and free development of the individual as the unit in our democracy. The individual is equipped with an intellect, an intellect that gives him an objective in life. Added to intellect there is that fire or sentiment which engenders enthusiasm to attain high ideals in life. Lastly, he has executive power, the mainspring of individual and national development. While the individual possesses these qualities, by developing them harmoniously, he can become what we might term a pillar of state—the individual or nation in miniature. Only in this way can the Canadian people achieve sovereign power nationally and internationally. As regards the development of the ideal individual, we must stand for the preservation of individual initiative, enterprise, property, profit, rivalry, and competition between one individual and another, the right of inheritance, the right of bequeathment, the survival of the fittest and the building up of legislation that will reflect the power of the individual as a unit in the nation. Individual leadership is the very foundation of an ideal democratic state. In the words of the poet, may we say in this connection:

O, for a living man to lead!
That will not babble when we bleed;
O, for the silent doer of the deed!
One that is happy in his height,
And one that in a nation's night
Hath solitary certitude of life.

Or quoting Emerson:

'Tis man and only man can make
A nation great and strong
Men who for truth and honour's sake
Stand fast and suffer long.
Brave men who walk while others sleep
Who dare while others fly,
They build a nation's pillars deep
And lift them to the sky.

That is the only way in which we can build up a great democratic state, a great Dominion of Canada. If we sacrifice the individual; if we destroy him and build up a socialistic state, we can never expect to play the part we ought to play as a nation among the nations, not only of the British Commonwealth but of the world.

In concluding, may I say the aim of every Canadian ought to be to harmonize the development of individual life with national life. If we do that we need not be very much afraid of our future. The ideal state is simply the individual writ large—the people in their collective and corporate capacity. In the great work of nation building:

A thousand years scarce serve to form a state;
An hour may lay it in the dust, and when
Can man its shattered splendour renovate?

Again, what constitutes a state? A state is made up of:

Men, who their duties know,
But know their rights, and knowing, dare maintain.

If we in Canada will therefore follow along the line of sound individualism and build up a sound state based on that sound individualism, we can truthfully say of our dominion:

Thou, too, sail on, O Ship of State!
Sail on, O Union, strong and great!
Humanity with all its fears,
With all the hopes of future years,
Is hanging breathless on thy fate!

Mr. F. W. TURNBULL (Regina): Mr. Speaker, I rise to speak to this motion in order that the voice of the conservative opinion in Saskatchewan may be heard, because Saskatchewan has been made the spearhead of the cooperative commonwealth attack.

Because that province has suffered three crop failures in recent years and has been struggling with that difficulty and because of the incidence of low prices, it was perhaps thought that misery and unrest might be capitalized better there than in any other part of Canada. The people of Saskatchewan realize the causes of their trouble and that they do not lie in the direction suggested by my hon. friends of the cooperative commonwealth.

For my part I am not concerned with the name of the organization; not half as much concerned with it as are those hon. gentlemen themselves. I find in the cities of Saskatchewan they call themselves the Independent Labour party and in the rural parts of my province they call themselves the United Farmers of Canada. This was the case until they had a convention in Saskatoon. At that convention someone wanted to call them by their true name of socialists and be honest with the world, but others said that they would not catch as many votes as if they called themselves Farmer-Labour, so Farmer-Labour was the name, and is yet, so far as Saskatchewan is concerned. Then they held a convention at Calgary at which there were gentlemen who wished to call the organization socialistic, but that suggestion was not carried out for the very same reason that obtained in Saskatchewan, namely that they hoped to deceive the people as to their true aim by calling it the Cooperative Commonwealth Federation. I have under my hand what are reported to be the words of the leader of that party, as follows:

> And the name? Ah! that was a bit of a sticker. A conference less in earnest about fundamentals might have easily gone on the rocks over the name. "Socialist," suggested the Farmer-Labour group from Saskatchewan; "Socialist," urged the Labour group from B.C., which now calls itself the Socialist Party of Canada. But socialism is so vague, including Mr. MacDonald, Mr. Herriot and the Nazis and Fascists, as well as the bolshevists.

It includes the bolshevists as well, although we have been hearing these days that the bolshevists and communists are quite different from socialists; but these are the reported words of the leader of that party:

> Moreover, many people have been prejudiced against the word who might have otherwise accepted the idea.

Had I been a socialist I would have been quite content to use that name; I would not have tried to deceive the people as to the real object of my propaganda by adopting a name that was not true to the ideas I was endeavouring to inculcate.

I am not particularly concerned with whether this organization is Russian or otherwise, whether its aims and objects are the same as those of Russia, or whether they are successful there or not. What concerns me is whether it can be successful in Canada. If it would improve our conditions in this country to adopt socialism, and I thought it would, I would be a socialist to-morrow. The name has no terrors for me, although it seems to have had for the founders of the Co-operative Commonwealth Federation. These men say that they are not communists, that the communists hate them and have nothing to do with them, that they oppose them, and my hon. friend from Winnipeg North Centre to-day attempted to tell us that communist second choices in the election in Winnipeg went to Mayor Webb; but he did not tell us what proportion of those second choices went to Mayor Webb and what proportion went to the Cooperative Commonwealth Federation, or whatever name they give the party in Winnipeg.

Mr. HEAPS: None.

Mr. TURNBULL: My hon. friend says none. I will tell you what happened in Calgary, where we had an election not so very long ago. We had an independent running there representing the sane thought in that city, and the people evidently thought so because they elected him. We had several other candidates running in Calgary. We had a communist candidate running there as well, and although the electors had three or four other candidates to vote for, those who voted for the communist candidate gave their second choices to the Cooperative Commonwealth Federation candidate in Calgary to the ratio of 7½ to 1. That is the way the communists hate the Cooperative Commonwealth Federation in that city.

Mr. GOTT: That ought to make an imprint.

Mr. COTNAM: Nothing registers.

Mr. TURNBULL: I am not particularly concerned with what economists say about this new party. The hon. member for Winnipeg North Centre said a few moments ago that anyone could quote a few sentences from a speech or writing and make them mean something entirely different from what the author intended. I will accept him as an authority on that. If the economists have been thus misquoted by anybody in this country, it is by the friends of the socialist party in Canada. They will quote Sir Josiah Stamp, Sir Arthur Salter and all the other economists you can name, but I defy the members of the Cooperative Commonwealth Federation to put their whole program before

any of the economists they quote and get anything but a horse laugh for it. Nor can they put it before the good people of the province of Saskatchewan or the people of this country either without getting very much the same kind of answer as soon as the public realize the game is on.

I am not concerned whether they call this a new party or an old party, whether it has new ideas or old ideas. As a matter of fact, its ideas are a hundred years old. There is nothing in all this babble that we hear from day to day that was not heard throughout the country seventy-five or a hundred years ago. I can quote the very catchwords one after another which have been in use as far back as the day of the first internationale, let alone the third. Here is the program of the Socialist Democratic Federation.

Mr. PERRAS: May I ask a question?

Mr. TURNBULL: Certainly.

Mr. PERRAS: I just want to ask if the leader of the Cooperative Commonwealth Federation paid three-quarters of a million dollars for his party?

Mr. TURNBULL: I thought, Mr. Speaker, when I had the courtesy to give the hon. member the floor he would at least have the courtesy to ask a question relevant to the subject matter. When the question is relevant to the subject matter I shall be very happy to discuss it with him, and he will not be very happy over the result.

In 1884 the Socialist Democratic Federation established this formula as their theory of life, and see how the language compares with that of the resolutions we hear in this house:

> The establishment of the socialist commonwealth on a democratic basis; the common ownership of the means of production and distribution; the production of wealth for the use and enjoyment of all, instead of the production of commodities for the profit of the few.

You would almost think, Mr. Speaker, that it was my hon. friend's resolution I was reading, instead of a platform of years and years ago.

Mr. HEAPS: What date was it?

Mr. TURNBULL: August 4, 1884. We are asked to take the administration of this country not only out of the hands of the present government but out of the present form of government, and to establish something new. We have heard considerable argument about capitalistic countries and socialistic countries. Those arguments are not applicable to this country because this is not a capitalistic country. Nor do I know of any part of the world where there is a socialistic country in existence, not even in Russia. There is capitalism there, and there is socialism there, forced on the people by a dictatorship as ruthless as any exercised by any czar. There is also in this country capitalism and socialism, and a good mixture of it, and sometimes I think we have a little bit too much of it, and we might be better off with a little less. But certainly all the countries of the world that I know of are a mixture of capitalism and socialism. The difference is only a question of degree. So when you try to set the people of this country against one another as capitalists and socialists, you set each man against himself because each man is a capitalist in some things and a socialist in others.

Let us examine the organization of this body to which we are asked to entrust the affairs of state. The Independent Labour party is a part of it. They are the people who tell us that there is no difference of opinion between this body and organized labour. I have here the statement of the hon. member for North Winnipeg (Mr. Heaps), as reported in the Regina Daily Star of October 13, 1931, in a speech he made in Montreal in the course of which he said in regard to trades unionism:

> Trade unionism to-day is just a lobbying machine that must appeal to city councils, provincial governments and the Dominion government for legislation to cover their demands.
>
> In the province of Quebec, labour unions had been more "backward" than anywhere else in Canada, Mr. Heaps said. He pictured Labour leaders waiting "cap-in-hand" upon parliamentary leaders to beg favours that they might well obtain for themselves if Labour controlled the governments.

That is his idea of the functions of organized labour in the community to-day.

We have also the United Farmers of Ontario, and we heard that they affiliated with the Cooperative Commonwealth Federation in Toronto a few months ago, but we have not heard so much about the fact that they refused to be bound by the doctrines of the Cooperative Commonwealth Federation. They just affiliated for the form of it and out of courtesy, I suppose, to one who urged affiliation upon them so strongly.

We have heard of the United Farmers of Alberta. As I understand the reports, and I hope I shall be corrected if I am wrong, they did not accept the doctrines of the Cooperative Commonwealth Federation when they affiliated with this new party at Calgary. Their attitude was: We are going to go along with you a little while and see what you have got.

As far as the United Farmers of Canada, Saskatchewan section, is concerned, they

represent but a very small fraction of the farmers of Saskatchewan, and their affiliation with the Cooperative Commonwealth Federation does not matter very much as regards expressing the opinion of the organized farmers of that province.

With respect to their relations with the communists I am not particularly concerned, but this I do believe, that the object of the communists and of the Cooperative Commonwealth Federation is the same. Both hope to obtain a cooperative commonwealth. Their methods I believe are different. The communist says: I am prepared to do an overt act if necessary in order to get what I want. The socialist says: I am prepared only to egg on an overt act, and I want the statutes changed so that I shall be at liberty to do that, so that as long as I do not do anything overt I shall not get punished. That is what happens in strikes. The men who egg the strikers on are always in the back row when the bricks begin to fly. Their objects, I say, are the same, and as Russia has placed its hallmark of approval on the communists it means that it has at the same time placed its hallmark of approval on the object of the socialists. And they may be right. Because Russia approves, it does not make them wrong at all. Some person in Russia appears to be taking an intelligent view of socialism and a very great interest in it, because the other day the hon. member for New Westminster (Mr. Reid) expressed the great surprise that Mr. Stalin felt over the results of the election in Great Britain, in which he said Great Britain was hopeless because in spite of unrest and unemployment it had not adopted the socialist policies. If hon. members do not want to be associated with communists, and if they do not want to be ascociated with Russia they ought to be a little more careful of the company they keep. How about these ten-day Cook's tours taken to Russia by gentlemen, some of whom are in this house and some outside? A few evenings ago the hon. member for Montmagny referred to Mr. George Williams who had taken a ten-day Cook's tour in Russia. He was sent by the agricultural institute to Rome. I hope this country did not pay his expenses. He came back with enough material for a book and a lecture tour, telling us about what he had seen.

If hon. members do not want to be confounded in the public mind with matters relating to Russia, they must come out from among them and be separate. Let us consider their attitude towards trade. We hear the continual cry that we should trade with Russia, whether she wants to trade with us or not. On the other hand there is the continual cry not to trade with Great Britain because we have to bind ourselves for a period of five years. Only a few days ago we were urged to finance trade with Russia, although Russia was not sufficiently interested in it to allow the Canadian delegate to use a code telegram. However, we were to put up the money. They sound the praises of what is going on over there, telling what wonderful things Stalin is doing for Russia. But Tolstoy's daughter is praying for her murdered fellow citizens in Russia, and asking the nations of the world if they cannot come to their rescue and stop the slaughter. Certainly it is no wonder there is no unemployment in Russia. So long as the munitions factories are turning out bullets, and the stone walls stand, they can take care of unemployment. As I say, if hon. members do not wish to be regarded as friends of communists they should cease being press agents for a revolution in which they do not wish to take part. If they had the courage of their convictions they should be willing to do anything that they—I shall not say urge—advertise so widely somebody else is going to do. Because talking of these things breeds familiarity, and after a while they have the state of mind indicated by the hon. member for Southeast Grey (Miss Macphail) when she is reported to have told her Toronto audience to say "revolution" a hundred times, until they got used to the idea.

The organization of hon. members opposite is a loosely flung together affiliation of bodies, none of whom will agree to accept the principles of this resolution; nevertheless their leader comes into this house and asks us to accept the principle rejected by his own followers. If there has been one thing more than another which has happened in the last three months which would lead me to oppose the establishment of the Cooperative Commonwealth Federation it would be the speech made in this house to-night by the hon. member for Winnipeg North Centre, wherein he told us that he could not recognize the difference between force used to maintain law and order, and force used to upset law and order. Further he argued that if the state had a right to use force to maintain law, other individuals surely had the right to use force to upset law.

Mr. WOODSWORTH: Mr. Speaker, I made no such statement.

Mr. TURNBULL: Surely we should have something in the nature of association of individuals who agree on a common policy before we ask the country to accept a common policy. But have these gentlemen a

policy? What is their policy? What are the details of it? Let us draw this animal out of the bag and have a look at it, if we are asked to support and adopt it as our own. Let us have a chance to see what it is. The hon. member for Bow River (Mr. Garland) has said:

> With a new social order as its goal the Cooperative Commonwealth Federation had not worked out a definite plan of action, but a committee was working on a program.

And, lo and behold, within a few days the hon. member for Battle River (Mr. Spencer) came into the house and told us what the program was, although the committee was still working on it.

Mr. GARLAND (Bow River): If the hon. member would investigate carefully he would find that the hon. member for Battle River spoke of what is termed a tentative program. Of course the hon. gentleman does not want to read correctly.

Mr. TURNBULL: The last part of the hon. member's remarks were unnecessary. Is it a tentative program? Are we asked tonight to adopt a tentative program? Are we to set up a tentative program in Canada, or are we to wait until these gentlemen hatch a real program before we are allowed to have a look at it?

Mr. IRVINE: Let us have a look at yours.

Mr. QUINN: We are not discussing that.

Mr. IRVINE: We are.

Mr. TURNBULL: What about the program? These are the words of the hon. member for Winnipeg North Centre:

> Now about a program? That was the last thing to be considered, and really we had not time to consider carefully a manifesto.
>
> Purposely we have not defined closely the form that we expect the Cooperative Commonwealth will assume. It may involve a measure of state socialism; it may be based on cooperative producers' and consumers' organizations; it may be, probably will be, a combination of the two.

So long as it is a case of "may be" he can appeal to all people. No one will know whether it is right or wrong. Probably that is the object of leaving it in the vague condition in which we now find it.

We are told some things in Saskatchewan. In that province we are told that it means taking all the basic industries into public ownership. Certainly if I have heard anything from that corner of the house in days gone by, it is that agriculture is the basic industry of Canada. Therefore it would seem that their program involves the nationalization of agriculture. Along with that, we have again the declaration by the hon. member for Bow River that he will give a real, genuine, security of tenure to the home owner and farmer. Which of these things shall we have? Before we decide to adopt the platform we are entitled to know definitely from someone what the program is to be.

Mr. IRVINE: What have you got now?

Mr. TURNBULL: Too much noise.

Mr. COTNAM: Too much oil and gas.

Mr. TURNBULL: Another thing we are to have out in Saskatchewan—a wonderful thing to have—is a new money policy. We are going to have a money policy in Saskatchewan which will give industrialists all the money they need for the purpose of manufacturing, and still give the purchasers and consumers all the money they require for purposes of buying. That is a wonderful policy; they should certainly get a lot of votes. I would vote for that myself, if the money was any good when I got it. But fancy a party coming before the sensible people of this country with a proposition to give them all the money they want to carry around in their pockets whether they earn it or not! Fancy giving the industrialists all the money they want for manufacturing purposes, and allowing the consumers sufficient to buy all the goods they wanted from those industrialists. But they say that is the way we will get rid of unemployment.

Then, we had another state of affairs out in our part of the country. The leader of the party in Saskatchewan was asked one evening what he would do if the banks did not finance him when he had his socialist government in operation. "Why," he said, "we will demand that the banks meet our request, the same as they do in the other provinces". He would give only two and a half or three per cent, but would demand that they treat him the same as they did the other provinces. Then he was asked: "What if the banks will not do that?" "We will demand that the Dominion government give us the same privileges as they give the banks—take our bonds, and give us dominion currency in place of them." In the same breath he states they are going to nationalize the farms and pay off all the mortgages; then they will issue thirty-year bonds without interest to mortgage companies to meet these lialibilities. I suppose they will bring these thirty-year non-interest-bearing bonds to Ottawa and demand dominion currency for them. He was then asked, "What will you do if the Dominion government is not agreeable to that?" "We do not expect the Dominion government to do

it, but if they do not, we will defy the Bank Act and print our own currency, and if the Dominion government tries to enforce the Bank Act and puts our premier in gaol"—and "our premier," of course, would be the leader of the socialist party by that time—"that is just what we want." It will call the public's attention to the condition—the new Mahatma Gandhi of Saskatchewan.

Mr. GARLAND (Bow River): Who is that?

Mr. TURNBULL: The new Mahatma Gandhi, the first lieutenant of the cooperative commonwealth in the province of Saskatchewan.

Mr. IRVINE: Who is that?

Mr. TURNBULL: I am not advertising him; you can do that. It is no wonder hon. members think this is incredible, but it happens to be in accordance with the facts. Here are the people who expect the voters of Saskatchewan to support them. That province depends upon the rest of Canada for its groceries, for they do not produce them in Saskatchewan; it depends upon outside people for its clothes, for its building material and in part for its fuel. The four essentials for life are procured from outside the province, yet this man who is the first lieutenant for the cooperative commonwealth in Saskatchewan says we must declare a moratorium on external obligations and print our own currency.

Mr. GARLAND (Bow River): I rise to a point of order, Mr. Speaker. For some time the hon. gentleman has been talking about some unknown person who he claims is a lieutenant of ours. This person may or may not be a lieutenant, but surely it is due this house that when the hon. gentleman quotes, as he says he is quoting, a gentleman in the province of Saskatchewan, the name of the person to whom he is referring should be given.

Mr. SPEAKER: The point of order is not a point of order at all. The hon. member for Regina (Mr. Turnbull) is quite in order in his remarks.

Mr. GARLAND (Bow River): They may be quite imaginary.

Mr. TURNBULL: I almost overlooked another example of how the policy of some hon. gentlemen opposite conforms to the policy followed in Russia, but the hon. member for Bow River has recalled it to my mind. The other day the hon. member abandoned the idea of inflation, but members of the cooperative commonwealth are still preaching inflation in western Canada. Why do they not harmonize their views and preach the same thing once in a while? Inflation is only a palliative, says the hon. member for Bow River.

Mr. GARLAND (Bow River): Hear, hear.

Mr. TURNBULL: And the hon. gentleman says, "hear, hear." Everything is futile except the complete overthrow of the system, the hon. gentleman says. There is nothing new about that; it is not even original. Zinoviev, alias Apfelbaum, alias Radomisilsky, alias Aronovitch, wrote the I.W.W. in 1920 advising them that political campaigns provided an opportunity for revolutionists to speak to the working classes and show them the futility of reforms, and he pointed out to them why the entire capitalistic system must be overthrown.

Mr. GARLAND (Bow River): I have never used the word "overthrown" in my life in connection with capitalism. Quote me correctly, and I will be satisfied.

Mr. TURNBULL: I was quoting Mr. Zinoviev, but apparently it comes so close to my hon. friend that he takes it for his own.

Mr. GARLAND (Bow River): The hon. gentleman quoted Zinoviev later.

Mr. TURNBULL: After all, the whole question is this: Can such a change in our form of government cure our present ills? If it can I am for it; if it cannot I am against it. What are the causes of our ills? Hon. gentlemen in the southeast corner talk about our ills; they rave about them from every platform in the country. Why do they not come out and tell the people what are the causes of these ills?

Mr. SPENCER: The government.

Mr. TURNBULL: That is an intelligent answer. Those economists quoted so freely by my hon. friends are united on one thing at least; they say the cause of our present ills is the low prices of commodities.

Mr. IRVINE: Who caused that?

Mr. TURNBULL: If hon. members listen long enough they may get a liberal education. The low prices of commodities are said by those economists, who all agree on it, to be caused by the scarcity of gold in circulation, and the scarcity of gold in circulation is caused by the fact that for several years those countries which have been receiving gold in payment of obligations or in payment for goods have not been relending that gold to the world. They have been removing it from circulation just as much as though the gold had not been taken from the earth. So

much is that the case that one of these economists, I think it was Sir Arthur Salter, has propounded the idea of printing $5,000,000,000 in gold certificates to take the place of the gold removed from circulation, but you could not keep those certificates from going where the gold has gone. You cannot do that until you change the outlook of those countries now receiving gold.

These, Mr. Speaker, are the underlying causes of our present ills, and if I had time I could show that these are the causes of the so-called tariff barriers that are interfering with trade. It is nothing new to say that tariff barriers interfere with trade; everyone knows that to be true. As far as we are concerned, however, we are not leading the hunt; we are following it, and following it as far behind as the safety of this country will permit. Can Canada remain alone and unprotected in a world constituted like that? That is the question. If she cannot, then the fact that tariffs are high does not alter the situation at all. It is necessary to lower those barriers in order to revive trade, but even a journal such as the Western Retailer says that cannot be done by any one country alone; it would be suicide. It must be done by all countries acting together, and if we can get it done by international action we will get somewhere. If I am correct in my proposition, as I think I am, that our troubles are caused by matters outside our own country, then they cannot be cured by any action taken within our country, other than whatever action a country of this size may take in assisting to remove and cure the ills of the world at large. We must do what we can to maintain our position until the change in world conditions takes place, and that is as far as we can go.

We hear the phrase "want in the midst of plenty." We in western Canada are producing wheat for a world that does not want that wheat; we cannot export it. It is practically the only thing we produce in large quantities for export, but France, Germany and Italy, our former markets, say they do not want our wheat. It piles up; we cannot sell it, and since we cannot sell it we do not have the purchasing power to buy other goods. The result is that other goods pile up, and we have this want in the midst of plenty of which we have heard. Surely that is not surprising; there is no mystery about it. The difficulty is to remedy that condition, and that cannot be done by setting up a cooperative commonwealth. We must either find a market for our surplus or cease producing the commodities that are piling up. It is said in the resolution that our economic system has gone out of gear, that there are fundamental defects in that system, indicated by the fact that people are out of employment and that there is hardship in the land. It is true that there is unemployment and hardship, but just because those two conditions exist it does not follow that the first thing you put your finger on will be the thing that caused that situation. If I go out to my tractor in the morning and find that someone has put a monkey wrench in the gears so that the tractor will not operate, I do not take a sledge hammer and smash the tractor and say I must get a new one. I take the monkey wrench out of the gears; that is all it is necessary to do. This system works all right under normal conditions and we have been getting along splendidly; but because of the abnormal condition created by the after-war situation, debts and reparation payments, we find that there is for the time being a monkey wrench in the gears, which eventually we shall have to remove. But that having been done, the machine will operate freely.

They say we should have cooperative farming, or national farming, or whatever they call it. Well, there is nothing in the world to prevent cooperative farming in Canada to-day; there are on the statute books all the laws that are necessary to bring about cooperative farming if people want to take advantage of those laws. It can be done without changing any law or upsetting any government or instituting any new system. You can also have cooperative banking if you want it. If my western friends will get out and persuade each farmer to take a cent a bushel less for his next year's crop they can get together $400,000 and start a bank and make all the money that the banks are making, loaning money for nothing if they can get away with it. They can enjoy all the advantages that the banks have to-day and get all the good that is going in the world. Why do they not do it? You can have cooperative selling if you want to have it. As a matter of fact we have had it in Saskatchewan before now. You can also have cooperative manufacturing. There is not a single thing in this dominion under our present laws which you cannot undertake cooperatively if you care to. You do not need to have any revolution; all you have to do is to persuade the hardheaded farmers of my province that they would be better off under a system of cooperative farming than they are to-day. But you cannot so persuade them; you cannot make the farmers believe for a moment that they would be better off under socialism. For that reason the cooperative

commonwealth cannot be put over in that country. If by persuasion they will not do it themselves, then they will not by persuasion vote to have it done; and to all this noise and disturbance and shouting and fanfare and talk of revolution that has been going on during the past four or five years, a great many people have been listening and a great many more are now laughing.

Out in Saskatchewan farmers have been devoting forty or fifty years to individual farming, men like my good friend the ex-Minister of Agriculture (Mr. Motherwell). That hon. gentleman has gone through all the vicissitudes of life in western Canada. Catch him putting his farm into a cooperative institution or a nationalized farm and doning a pair of overhalls and working as a hired man for some sort of Stalin or somebody of that description. According to the census returns in Saskatchewan only 49 per cent of the farmers in that province have returned encumbrances on their land. There must be 25 per cent more whose heads are well above water, if not more than that. That is 75 per cent, and these men will stand for solid and sane thinking when election time comes around; they will not be led away by any talk of social ownership, social economics and things of that kind.

We have gone through the years and made our own way and we have pride of ownership. We love our own homes, we love freedom of action. We love the privileges of home ownership and we like to spend our own money in our own way—lots of it when we are prosperous and little when we have not so much; but we do not like to turn our money over to a common till and allow someone else to tell us how much to spend. And that is what the cooperative commonwealth means. That is why, so long as the individual Anglo Saxon stands in the west, so long as we have those pioneers from Europe, who left their native land because they were individualists and had the courage to start afresh in a new country, people who have learned our ways of doing things, the cooperative commonwealth will not be accepted there. If my hon friend thinks that that is fruitful soil in which to sow the seeds of socialism he is very badly mistaken.

I am here to-night to say that the province of Saskatchewan will not adopt the cooperative commonwealth. I should not be true to my own province if I did not stand up and give it a better bill of health than my hon. friends in the southeast corner of the house have given it. We are having hardships, it is true. Well, we have faced hardships before and we can face them again, and I have no doubt whatever that we shall come through this period with our property our own, with our own ways of doing things, with our established rights and privileges. We shall make money again when times are better and we shall spend it for ourselves in our own way.

Our present system has brought us a long distance, whether you call it capitalism or anything else. It is one of the admirable features of the British system that it is susceptible to change, and being susceptible to change it adapts itself to the changing conditions from day to day. Undoubtedly there will be changes—not upsets but changes, which is an entirely different thing. Look back over the history of Canada; look back over the history of Great Britain and compare the condition of the masses in England fifty years ago with the condition of the masses to-day under our present system of government. Having taken that backward look you can then look forward and visualize the progress that we shall make in the next fifty years, not by sudden upsets of governments and systems, not by revolution and warfare and a lot of talk about the humanities, but by each individual doing his individual duty to himself and his country, and by gradually adapting ourselves to changing conditions. But we shall not make any progress by changing the whole system of government over night and placing in power gentlemen who have no experience in business.

Mr. HARRY BUTCHER (Last Mountain): I have been somewhat reluctant to take part in this debate, for several reasons, three of which I now propose to enumerate. In the first place, I am one of that rapidly increasing number of persons who refuse to be frightened by the idea of a moderate socialism, and I firmly believe that we are approaching that kind of economic system by an evolutionary process, quite involuntarily on our own part. In the second place I am entirely at one with the hon. member who has moved this resolution (Mr. Woodsworth) and with his supporters in their desire for a more equitable distribution of wealth in this country, and in their wish to eliminate as far as possible poverty and distress from this favoured land. In the third place I am convinced of the sincerity of the hon. member for Winnipeg North Centre, in which respect I am quite plainly at variance with many hon. members to your right, Mr. Speaker. I am also convinced of the hon. gentleman's deep interest in the welfare of the less fortunate of our

fellow citizens, and I feel sure he has the utmost confidence in his plan, that he is assured that the plan if adopted would cure our economic ills. Therefore I dislike to appear to oppose him. But on the other hand I do not want to be regarded as content with our present system while in its existing chaotic condition, for I most certainly am not.

The hon. member for Winnipeg North Centre has presented his resolution for the consideration of this house. I have considered it long and earnestly and have decided that though the time may conceivably come when I might vote for a similar resolution, that time has not yet arrived. Having intimated that I propose to vote against the resolution, I feel it my duty to give my reasons for so doing.

In common with the hon. member who preceded me (Mr. Turnbull), I have long realized that the machinery of state has not for some time been functioning perfectly. There are many indications of economic sickness in the body politic and I have given much thought to possible remedies for this condition. This was my reason for giving the closest attention to the resolution brought before this house by the hon. member and also to his introductory speech and the speeches of his lieutenants. So far as those speeches recite existing conditions, I am entirely in agreement; so far as they proclaim the necessity of remedying those conditions as soon as possible, I am also in agreement, but when they say that socialism is the only or the best remedy, I must disagree. That there are many outstanding weaknesses and wrongs in our present system I think is undeniable. I also believe that these wrongs must be remedied at the first possible moment or the people themselves will step in and change the system, but I cannot admit that it is neither possible nor desirable to remedy them under the present system. Speaking to this resolution, the hon. member for Wetaskiwin (Mr. Irvine) is reported on page 1740 of Hansard of February 2 as follows:

> It is no cause for fear when we say that capitalism cannot be reconstructed. The economic system known as capitalism is only one of a number of economic systems known to history. That known as slavery and that known as feudalism both preceded capitalism. They, like this system, made their contribution and passed out of human history, and out of their ashes grew the present system. It, too, is falling to pieces and cannot be resuscitated, cannot be repaired.

I cannot agree with the hon. member in those conclusions. I believe that the system can be repaired and made to function perfectly again. In introducing his resolution the hon. member for Winnipeg North Centre said:

> Great economists have pointed out that our present economic system could not last very long, but must give place to a different one. In more recent days we have the technicians pointing out not only the feasibility of fundamental changes in our social order, but the absolute necessity of such changes if our civilization is to persist.

No doubt that is true, but other equally great economists have denied that a change is necessary. There are as many economists who believe in the perpetuation of our present capitalist system as there are who believe in a change to a socialist system. Recently we have been hearing from a body of men known as technocrats who have made some most alarming predictions, but other men equally versed in technical knowledge say that the conclusions of the technocrats are absolutely wrong. They claim that to-day modernized machinery is so much needed that could business but revive it would take as many men to make the machines now needed to bring industry up to date as it took formerly to make the goods which would be made by the machines. It seems absurd to suggest that it would require as many men to make these machines as it formerly took to perform the labour to be done by the machines, but that is the statement they make. I must admit that personally I rather lean towards the economists quoted by my hon. friends in the southeast corner.

I had a rather amusing experience a few days before coming to Ottawa. I was in one of the smaller villages in my constituency and I came upon three of my constituents. One of them greeted me with this question: "What do you think of the money situation?" I responded by asking him: "What do you think about it?" He said: "Well, I read Mr. Young's speech in the House of Commons a while ago and I agreed entirely with him; then I read Mr. Coote's speech and I agreed with him." The second man said, "Well, I read Mr. McGeer's article in MacLean's magazine and I agreed with him, then I read Mr. Plumptre's article and I agreed with him." The third man said: "Well, when I find two professors of political economy who believe in the same thing I am going to agree with them." I think that is the true situation. I do not think the hon. member for Winnipeg North Centre added force to his argument by quoting these great economists or technicians.

I shall now direct my remarks to the resolution itself. The preamble reads:

> Whereas under our present economic arrangement large numbers of our people are unemployed and without the means of earning a livelihood for themselves and their dependents;

I am entirely in agreement with the conclusions in that paragraph. Notwithstanding all the relief that has been afforded to the people of Canada there is still in some cases stark hunger, undernourishment, lack of clothing, homelessness and despair. I do not think anyone can deny the truth enunciated in this first paragraph of the preamble of this resolution. The second paragraph reads:

> And whereas the prevalence of the present depression throughout the world indicates fundamental defects in the existing economic system;

I find myself largely but not wholly in agreement with the statement contained in that paragraph. I would amend it slightly to make it read as follows:

> And whereas the prevalence of the present depression throughout the world indicates defects in the existing economic system or in the management and administration of the same;

With that amendment, I would find myself in agreement with my hon. friend.

Hon. members say that conditions in our country are no worse than in others and that we should not advertise our woes. I firmly believe that until every hon. member of this house is filled with a sense of horror at the injustice of the conditions to which I have just referred; until we rise up as one man and say that they shall end; until we realize that there is within this land sufficient to supply the necessaries of life to every man, woman and child, and affirm that they shall be supplied; until we rise up and say that the material needs of our people shall be met so that they may enjoy healthy bodies and contented minds, the story cannot be told too often. I believe that the defects to which I have referred are possible of remedy. If the members of this House of Commons and the legislatures of our land fail to do their very utmost to remedy these conditions, they cannot have any cause of complaint if they are replaced by others who may undertake to cure them even though they may later fail to carry out their undertaking.

There are three or four evils which must be faced. One of them is the unequal distribution of the proceeds of labour. Another the unequal distribution of wealth. Yet another is our failure to restrain the activities of great financiers and financial interests who have loaded industry with capital structures that have no relation at all to the value of the assets of the industries they control. These interests now call upon the government to raise duties, and upon management to make profits, in order that they may pay dividends to shareholders whom they have already despoiled of their capital. The Premier of Quebec at a public meeting recently made the statement that the original capital invested in power, pulp and paper companies of eastern Canada did not exceed $30,000,000, but that this capital has been enlarged, watered, until to-day it amounts to $714,000,000, with assets worth less than $25,000,000. An hon. member in the house a few days ago referred to stock in a certain textile company which, he stated, originally cost $10 and had been inflated to a nominal value of $1,620. I am informed that stock in the Imperial Oil Company, originally worth $100, is now worth $1,200. It seems to me that this is one of the conditions that will have to be remedied. It will have to be made impossible for financiers to despoil the people to that extent.

Then there is the restraint that has been placed upon trade by high tariffs, resulting in each country endeavouring to constitute itself a self-sufficient economic unit, the impoverishing consequences of which are incalculable and finally we have a money system that is inadequate to the needs of the times, managed, and naturally so, under existing circumstances, with a view to profit for the shareholders instead of for the good of the people as a whole.

So far I find myself largely in agreement with the mover of the resolution and his lieutenants. This brings me to what the hon. member calls a "definite program." The hon. member for Winnipeg North Centre, after using the words I have just quoted, said:

> It is only the newer groups, however, that have had the courage to set this before the country in the form of a definite program.

Is it definite? It is definite to this extent and this only: that it proposes that the system which we now have shall be replaced by another which has not been clearly defined. I wish the hon. member were in his seat at present, because I should like to criticize—and I shall do so in any case—one of the remarks he made. It is a little unfortunate that some of our friends in the south-east corner—and I know they will take this criticism kindly—will persist in declaring their superiority over the rest of us. They rejoice in and constantly proclaim their independence, their courage, their patriotism, their freedom from party control. In this case the hon. gentleman neither broadened nor strengthened his influence by emulating the renowned gentleman who went up into the temple to pray and who became so conscious of his moral rectitude that he ended, not by praying, but by thanking the Lord that he was not as other men. I feel also that those of his

followers who so frequently tell the world they are not even as the members of the two old parties, really have no reason to congratulate themselves upon their humility, or to preen themselves in the belief that all the world takes them at their own valuation. That is intended in the very kindliest spirit, and I hope they will accept it as such.

This resolution proposes a complete change of system, but it is not definite; it does not define the capitalism it proposes to displace, or the socialism it would give us as a substitute, and it does not define the methods by which the change should be effected. There are various kinds of capitalism. In Russia, to which so many references have been made, the poor farmer who had one horse, one cow and one acre of land was a capitalist, and he had to have those wordly possessions taken away from him. We in Canada probably regard the millionaire who lends his money in hundreds of thousands or who finances large industrial enterprises, as a capitalist. Between these two there is a vast range of capitalists. And it should be noted that our friends have not defined the kind of capitalism they propose to displace.

Moreover, they do not define the kind of socialism in which they believe. There is the state socialism again referred to as the socialism of Russia, and there is the parlour socialism we hear of that is so popular with some of the aristocrats in the old country. Between those two extremes there are many varieties of socialism.

They do not tell us by what steps they propose to bring about this change, but they do say:

> That, in the opinion of this house, the government should immediately take measures looking to the setting up of a cooperative comomnwealth in which all natural resources and the socially necessary machinery of production will be used in the interests of the people and not for the benefit of the few.

I admit that socialism is not mentioned in the resolution, and one of my friends who rather believes in the policy of the Cooperative Commonwealth Federation said that I had no right to conclude that socialism was specially referred to in the resolution. Therefore I take the words of the hon. member for Wetaskiwin (Mr. Irvine) who said, as will be found on page 1744 of Hansard of February 2:

> May I conclude by saying that the resolution moved by the hon. member for Winnipeg North Centre, clearly cuts the line between capitalism and socialism. There is no question about that. It places the issue where it ought to be placed. The next fight in Canada will be between socialism and capitalism, and if hon. gentlemen opposite and to my right do not defend capitalism better in that election than they have done in this debate,—

[Mr. Butcher.]

The hon. member was just a little previous. —then it is going to be too bad for hon. gentlemen opposite. I believe the issue is what I have said it is. In the place of private ownership, competition, debts and unemployment, we advance cooperation, social ownership and the use of commodities instead of holding them for profit.

If the resources and the machinery of the country are to be under state control, then the men who work those machines must also be under state control. The hon. gentleman, in introducing his resolution, said that his party did not advocate bureaucratic state socialism, but they do advocate a planned system. I do not know how they are going to enforce state planning unless they have a form of dictatorship. There will be state autocracy and the state, so-called, will be a committee of men who have assumed control of the state. This means the establishment, if not at first, then most assuredly later on, of a dictatorship in almost every walk of life.

Already this afternoon attention has been called to the diversity of views held by the various units that will compose the Cooperative Commonwealth Federation. Farmers, labour, professional and business men, socialists of varying sorts, will all join together. As the hon. member for Comox-Alberni (Mr. Neill) said a few nights ago, all who are discontented will join together under this organization. What we are concerned with is which of these parties will control; whose views will prevail, in questions of the hours of labour, rates of wages, socialization of land. With regard to hours of labour a farmer member of this house recently pointed out that it was estimated that to-day a farmer had to do four days' work to receive one day's work from labour. The farmer is not interested in shortening the hours of labour; he is interested in the reduction of wages. On the other hand, labour is interested in shortening the hours of labour and increasing the rate of wages.

With regard to the socialization of land, a great variety of views is held by the various component parts of this federation. We were informed by the hon. member when introducing his resolution that the United Farmers of Alberta had passed a resolution calling for a community freed from the domination of irresponsible economic power in which all the social means of production and distribution, including land, are socially owned. In Manitoba last year I believe a similar resolution was introduced.

In the province of Saskatchewan we have a variety of opinions. The leader of the

Farmer-Labour party in Saskatchewan first came out with a policy of the socialization of all land. That, I imagine, met with protests from certain men who owned their land and wished to continue to own it, and so he modified his policy and said that they would socialize the land of the farmer who was burdened with debt and wished to have his land socialized. This was the policy for a little while, but in process of time a few farmers who are burdened with debt and are anxious to have their debts paid by the state said: "When our debts are paid by the state what is going to happen to our land? Our debts will be paid, but we shall have lost our land." So the latest suggestion is that when the debts have been repaid, the land will be returned by the state to the former owner in fee simple.

Then as to the proposed change of system, I would ask, can it be said with certainty that it offers a remedy? Are there no better ways of meeting the situation? If there is a better way, what is it? It seems to me that there are many conditions in this land to-day which are inexcusable. I admit that, and I think the time has come when we should unite our efforts to remedy the conditions to which I have referred.

One hon. member referred to the condition in which we find ourselves as a result of the machinery not functioning perfectly, and said it would be better to remedy the defects rather than scrap the machinery. I agree with him entirely. Shall we not first try to make the system work? I believe that that can be done.

Another hon. member a few days ago said that the ship of state was not on an even keel. I think that is rather a good illustration. Or perhaps one of the propellers is not working well, and it looks as though it were time for an overhauling. But we do not propose that the ship should be taken out to sea, scuttled and sunk simply because at the present time it is not functioning perfectly. What we do say is: Let us scrape off the barnacles and put in a new propeller, and so improve conditions that the ship will once again be entirely seaworthy.

The hon. member for Wetaskiwin the other evening said, when he was asked for some details of the program of this new party: We will give you the details when we are called in; we are not on trial. I think he is mistaken. No political party ever was more on trial than this new party to-day. They are not proposing to make slight changes in our present system; they are proposing to make an entirely new system. Referring again to the illustration I used just now, of a ship not on an even keel, I would ask you, Mr. Speaker, to imagine for a moment the hon. member for Wetaskiwin, who made the statement I have just quoted, going to the owners of this ship of state which is not functioning perfectly and saying to the executive of the owners, "I represent an organization that wishes to go into the shipbuilding business. My organization considers that your ship has outlived its usefulness. We suggest to you that you scuttle it where it floats or take it out to sea and sink it. Further, we suggest, (a) that you engage my organization to build a new ship of an entirely new design to replace the present one, and (b) that you discharge your present crew and your spare crew also, and engage my organization to man your ship after we have built it." Perhaps it would not be very difficult to imagine the owners or their executive in reply saying something like this: "We admit that our ship is not now in first-class condition. We know that there are grave defects that should, and must be, remedied, but we believe that they are not irremediable. This ship which you hold in such contempt has weathered many a storm and has brought into port many a valuable cargo to the advantage of all the shareholders. We believe that the hull is sound, that the damaged and imperfect parts can be replaced, that the barnacles can be scraped off, and that then the boat will be as seaworthy as ever. Nevertheless, we would like to hear your proposition. We will ask you a few questions. You say that the ship you propose to build is of new design. Have you ever built one before?" The answer is: "No, but we have studied certain ideas promulgated by certain eminent theorists, and we have evolved some of our own also." Then the owners ask: "Do you know of anyone who has built a ship of the design you propose?" The reply is: "We do not know of any organization that has built and operated successfully a ship of the design we propose." The next question is, "What are the outstanding features of your proposed ship?" The answer is: "It will have an entirely new motive power. It will be motivated by 'use instead of profit.' Other outstanding features will be subsidiary to that."

Then another question: "Have you your plans and specifications with you? We should like to see them." The reply is: "We have not. It should be sufficient for you to know that the building will be planned. We will give you particulars, reveal the plans and specifications after you have given us the contract, first, to build the ship, and second, to man it; and the contract is to be irrevocable for five years." The owners then say: "But

we need full particulars of your plans before we can entrust you with such an important task. You propose four things: (a) That we sink our present ship; (b) that we discharge our existing crews; (c) that we employ you to build another ship; (d) that we engage you to man the ship when it is built. Therefore we think it is only reasonable that you should give us fairly full particulars of your plan." The salesman haughtily replies: "I would have you know, gentlemen, that I and my organization are not in the dock. It is your old ship that is on trial. We refuse to make any further explanations until the contract is signed and sealed."

Would he or should he get the order? I think not. Imagine awarding a contract to build a new ship to a company that discloses no plans!.

I see it is eleven o'clock, Mr. Speaker.

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

Friday, February 24, 1933

The house met at three o'clock.

CANADIAN NATIONAL RAILWAYS

Hon. R. J. MANION (Minister of Railways): I desire to lay on the table report of work done and expenditures made during the year 1932, to August 31, and during the calendar year 1932, in connection with acts, chapters 18 to 22 inclusive and chapters 24 to 30 inclusive, respecting the construction of Canadian National Railway lines; also report of work performed and expenditures made to December 31, 1932, together with estimated expenditures for the year 1933, under chapter 12 of the statutes of Canada, 1929, respecting certain terminal facilities and other works at and in the vicinity of Montreal.

UNEMPLOYMENT RELIEF

Hon. W. A. GORDON (Minister of Labour): I lay on the table four orders in council passed pursuant to relief legislation.

CANADIAN NATIONAL-CANADIAN PACIFIC BILL

Mr. SPEAKER: I have received a message from the Senate informing this house that the Senate has passed a bill intituled an act respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific Railway system, and for other purposes.

[Mr. Butcher.]

BUSINESS OF THE HOUSE

PRECEDENCE FOR GOVERNMENT BUSINESS ON MONDAY AND WEDNESDAY

Right Hon. R. B. BENNETT (Prime Minister): I apprehend, in view of what was said by the right hon. the leader of the opposition (Mr. Mackenzie King) the other day, that as the debate on a motion before the house had not concluded, it would meet his views if the words "on and" in the following motion which I am about to move were omitted, so that the motion would become effective only on Wednesday. The motion as it stands reads:

That on and after Monday, the 27th instant, and all subsequent Mondays and Wednesdays till the end of the session, government notices of motion and government orders shall have precedence over all other business except questions and notices of motions for the production of papers and private bills on Mondays.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): If my right hon. friend would so amend the motion we should be obliged.

Mr. BENNETT: By leave of the house I move that the motion be adopted, deleting the words "on and," so that it shall become effective on Wednesday.

Motion as amended agreed to.

WORLD ECONOMIC CONFERENCE

Right Hon. R. B. BENNETT (Prime Minister): A few days ago I mentioned the desirability of printing the draft annotated agenda of the monetary and economic conference, and I suggest that the house might consider the number of copies which it would be advisable to print. It will not be printed on expensive paper. Possibly some hon. members would like to send copies to their constituents, and, if it were acceptable, I was thinking of 700 copies in English and 350 in French. The motion can stand until Monday. If the leader of the opposition and those who sit to the left are of the opinion that the number should be increased we will wait until Monday before putting the motion.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Whatever number my right hon. friend decides upon will be acceptable to us.

SINO-JAPANESE DISPUTE

STATEMENT OF CANADA'S POSITION PRESENTED TO THE ASSEMBLY OF THE LEAGUE OF NATIONS

Right Hon. R. B. BENNETT (Prime Minister): In view of the widespread interest in connection with the meeting of the assem-

bly of the League of Nations to-day, I think it well to indicate to the house what transpired this morning. The assembly met this morning and voted unanimously—Siam abstaining—to adopt the report of the committee of nineteen. The Japanese delegate spoke and voted against the adoption of the report and, after the vote was taken, withdrew from the assembly. He made no statement regarding the withdrawal of Japan from the league.

It is understood that the assembly will meet again this afternoon. In order that the information may be available, some hon. members having asked me questions as to the constitution of the committee of nineteen, I think it well to place that information on Hansard. The committee of nineteen has been following developments of the Sino-Japanese dispute on behalf of the special assembly. The special assembly were selected from the following countries: United Kingdom; France; Germany; Italy; Spain; Poland; Czechoslovakia; Mexico; Norway; Irish Free State; Guatemala; and Panama. These countries are all as a matter of fact members of the council, and representatives from the following countries were selected to complete the committee of nineteen: Switzerland; Turkey; Portugal; Colombia; Hungary; Sweden and Belgium.

On Saturday evening last the Canadian advisory officer was instructed by cable to make the following statement at the meeting of the assembly, which was then expected to meet on the 21st but which as a matter of fact did not meet until to-day:

His Majesty's government in Canada have learned with regret that the efforts to effect a settlement of the Sino-Japanese dispute carried on under paragraph 3 of article 15 of the covenant have not been successful. They recognize that with the exhaustion of its efforts for conciliation the committee of nineteen was bound to proceed to the preparation of a report in accordance with the provisions of paragraph 4 of article 15. The report, which is now before the assembly, represents the unanimous and considered judgment of an informed and impartial committee, jealous of preserving the peace of the world.

The Canadian government have, from the inception of the dispute, supported every effort to secure its solution by peaceful means; they have scrupulously refrained from word or deed that might have jeopardized the prospects of peaceful settlement, and they have withheld judgment on the facts and merits of the dispute, in the belief that premature or injudicious comment might have prejudiced the success of our collective efforts to restore that good understanding between China and Japan upon which peace in the Far East depends.

In accepting the report of the committee of nineteen, the Canadian government desire to express their appreciation of the loyal and patient perseverance with which the committee have pursued its anxious task. The public opinion of the world, in which they believe lies the final and effective sanction for the maintenance of the integrity of international agreements, has watched the committee's exploration of every possibility of a peaceful settlement between the parties to the dispute, and it has recognized reluctantly that its efforts have been unrewarded.

The Canadian government believe that in the recommendations of the report will be found a solid basis for the peaceful development of the Far East and they earnestly hope that the parties to the dispute may eventually accept a regime embodying such recommendations and thereby reconcile their conflicting claims and interests in so far as reconciliation is humanly possible.

It is not necessary to emphasize the gravity of the decision which the states members of the league must take to-day. The faith of the world in the possibility of peaceful settlement has been shaken; if it is destroyed, the structure of security slowly built up on the foundation of scrupulous respect for international covenants will be undermined. As that structure shows signs of strain, the prospects of reducing the world's burden of armaments are endangered and the task of achieving international economic cooperation is magnified.

For these reasons we must vote for the adoption of the report.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, while the statement read by the right hon. the Prime Minister (Mr. Bennett) probably does not call for any expression of view at this stage, I deem it important to indicate at once to my right hon. friend that we on this side are in hearty accord with the tenor of the statement he has just read.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I should like to say a word for the members in this corner. While some of us may have regretted that certain action was not taken earlier, nevertheless we heartily endorse the statement which has just been read.

UNEMPLOYMENT RELIEF

UNEMPLOYMENT CONDITIONS AT TRANSCONA, MAN.

On the orders of the day:

Mr. J. P. HOWDEN (St. Boniface): Mr. Speaker, I should like to address an interrogation to the Minister of Labour (Mr. Gordon) concerning the town of Transcona. This is embodied in a brief telegram which, with your permission, I will read. It is as follows:

The unemployed of Transcona are desirous of bringing to your attention the deplorable conditions existing in Transcona for the unemployed scale of relief. Very inadequate clothing. No clothing for women, children and very little for men. Quality very poor for sub-zero weather. Medical attention practically nil.

Mr. SPEAKER: The hon. member should ask his question, not read a communication. The communication could have been sent to the minister in charge without it being necessary to read it in the house.

Mr. BENNETT: There is nothing to indicate that it is correct.

Mr. HOWDEN: Is the Minister of Labour (Mr. Gordon) or the government aware of the conditions which exist in the town of Transcona and, if so, in view of the fact that the federal government is subscribing largely to the relief of these people are they in a position to take such steps as will ameliorate or relieve the conditions?

Hon. W. A. GORDON (Minister of Labour): Mr. Speaker, the federal government has not in any way changed its attitude towards those in need throughout Canada. It has been said by myself on many occasions in this house that the federal government is ready and willing, and I trust will always be able, to make contributions from time to time towards the relief of those in need as the need arises. Serious difficulties have arisen in the province of Manitoba. For instance, in the city of Winnipeg our department is advised, and I have no reason to doubt the correctness of the advice, that in their relief operations the province of Manitoba have not subscribed any money whatever since last May to take care of the provincial share of relief. The dominion's contribution has been made with regularity as accounts have been presented and I believe the dominion's share has been turned over to the city. The city has been obliged to finance the province of Manitoba with respect to their share. I am afraid that the same condition probably exists in Transcona although I have no complete or detailed information in that regard. I am not going to criticize those administering the affairs of the province but they have a very distinct responsibility and I am just wondering whether they are putting forth every effort available to them to assume and discharge the responsibility which is theirs. I shall inquire into the matter referred to by the hon. member and if there is anything further that this government can do, they will do it.

PENSION LEGISLATION

On the orders of the day:

Mr. ALFRED SPEAKMAN (Red Deer): Mr. Speaker, I should like to direct a question to the Minister of Pensions and National Health (Mr. MacLaren). A short time ago a question was asked as to whether it was the intention of the government to introduce during this session legislation based upon the report of the committee which has just completed its labours in investigating the administration of the Pension Act. The answer then given was that the matter was under consideration and I should like to know whether a decision has been arrived at and, if so, if we can expect the introduction of pension legislation during this session?

Hon. MURRAY MacLAREN (Minister of Pensions and National Health): The answer I gave a week or two ago was that I thought it was likely that legislation would be brought down. The position is still the same.

Mr. SPEAKMAN: A final decision has not been arrived at?

CANADIAN EXCHANGE

On the orders of the day:

Mr. G. G. COOTE (Macleod): Mr. Speaker, I should like to direct a question to the Minister of Finance (Mr. Rhodes) with reference to a statement which appeared in the Wall Street Journal of February 2. It reads:

> Montreal funds moved up to a high for the day of 15⅝ per cent discount, which compares with Wednesday's low in London of 20 per cent. It was rumoured throughout the market that one of the large Canadian banks was giving support to the exchange, but whether it was operating for the account of the Canadian government could not be ascertained.

I should like to know if this bank was operating on behalf of the Canadian government or whether the government has conducted any such operations in support of our exchange in New York?

Hon. E. N. RHODES (Minister of Finance): I have not seen the article in question but I have no hesitation in assuring my hon. friend and the house that a transaction of that character would be solely a banking transaction, it would have no reference to the government at all.

CHARTERED BANKS

On the orders of the day:

Mr. G. G. COOTE (Macleod): On November 17 an order was passed in connection with the returns made by the chartered banks. When may we expect this return to be brought down?

Hon. E. N. RHODES (Minister of Finance): I will make immediate inquiry. I imagine that the return must be ready and I shall probably be able to bring it down on Monday.

SALARY DEDUCTION ACT

PROPOSED CONTINUATION OF DEDUCTION OF TEN PER CENT FROM INDEMNITIES AND SALARIES

The house resumed, from Tuesday, February 7, consideration in committee of the following proposed resolution—Mr. Rhodes—Mr. LaVergne in the chair:

That it is expedient to continue in force the provisions of the Salary Deduction Act 1932, until the 31st day of March, 1934, and to provide that the provisions of the said act shall apply to the indemnities of members of the Senate and House of Commons for the session of parliament which commenced on the 6th day of October, 1932.

Mr. CHEVRIER: I had not intended to say anything further on this resolution; I rather meant to say what I have to say when the bill comes up for second reading. The reason I speak now is that I want to refer to matters to which the Minister of Finance alluded to when the resolution was before the house over two weeks ago. In the first place, at page 1892 of Hansard, he is reported to have said:

There was no undertaking with respect to what might or might not have to be done in the future.

May I refer to what took place last year when the Prime Minister is reported in the Evening Citizen of February 26, as having said:

We must economize wherever we can and in seeking to save $8,000,000 in civil service salaries we seek the loyal, even the enthusiastic support of the civil servants with the government of your country and mine. We ask the sacrifice of one year's self-denial on your part not as civil servants but as fellow citizens who have with us a like responsibility to our country.

That applied not only to civil servants but to all of those who come within the four corners of the bill. I find lower down in the report the Prime Minister said:

That task requires every ounce of energy we all have and we think if we look to 60,000 of our fellow citizens to sacrifice for one year for Canada we feel we are not asking too much.

Then lower down, under heavy captions:

Help For A Year

We are asking those with a secure tenure of office to help us for a year, since the bill calls for a reduction in the fiscal year ending March 31, 1933, and we believe we are not unreasonable.

May I turn to Hansard of last year at page 812 where the Minister of Finance is reported as having said:

But what we are doing is this. We are asking that, while the country is in dire need—

Then I interrupted, saying:

You are not asking.

Then the minister continued:

—of a contribution from all its citizens, the civil service shall make a fair contribution for one year only. The bill will provide that it shall apply for one year only, and at the end of that year the salaries of civil servants will be precisely what they were but for the intervention of the bill.

As I said a moment ago, that applied not only to civil servants but to all of those who come within the four corners of the bill. There was an undertaking, a promise, that that would be for one year only. Nothing was said at the time as to what would happen if conditions were what they were last year or worse, but there was a solemn undertaking and promise that all of those who were mulcted to the extent of ten per cent last year would not have the same thing done to them this year. When I have finished the observations I wish to make at this time, I should like the Minister of Finance to answer this question: Will he make the same promise this year? Will he undertake in the same terms as he did last year, that this will be for only one year or for what period will it be? I fear much that as long as this administration is continued in office, every year they will trot down that old dead horse of the previous year, the old dead statute which was resuscitated the former year and which will be resuscitated next year and have the same force and effect again.

I want to refer to page 1876 of Hansard of this year. I do not know particularly why the Minister of Finance should have gone out of his way to say what he said, summing up conditions in Ottawa:

I know of no city in Canada where there is less distress and want than is to be found in this very city.

I am not here to make public to Canada the state of distress that exists in Ottawa and it would have been better had the minister, with his usual courtesy, not mentioned conditions at all. It seems to me that there is some reason, some motive in putting forward this idea, so that the city may be hit hard. There is in Ottawa suffering just as keen and deep as in any other Canadian city, but if those actual sufferings and miseries are not as obvious as they are in other cities, the credit is due to the city council, the welfare bureau, social organizations and other charitable institutions here which, without ostentation or glory to themselves, are doing so nobly and well the work for which they were constituted. Let me, however, tell the Minister of Finance that one-sixth of the population of this capital city, right within the shadow of the Peace tower, is on relief.

There are 4,200 families being cared for as regards food, rent, fuel and clothing. There are 21,000 people on relief. In December, 1932, it cost the city more than $143,000 in relief and during 1932 it cost Ottawa $1,000,000. Let me tell the minister that 6,000 unemployed are registered and that they are being looked after. But if this suffering and misery is not seen by him, this is because of the way in which the city council and the relief administration are looking after this work. In the city of Ottawa our citizens have always responded to the demands of charity. In 1931 the civil servants themselves gave $24,000 to city relief, and although they had received a cut in their salaries in 1932, when the city asked for $50,000, the total subscription of the city was $100,000, of which the civil servants, notwithstanding the cut, subscribed $29,000. So it ill becomes the Minister of Finance to say that this city is not hurt and that there is less suffering in Ottawa than in any other place in Canada.

It is not only the civil servants themselves who are hurt; I am not speaking for that particular class alone. I am speaking for the whole city of Ottawa. Here we have a population of 140,000 people, with about 10,000 civil servants. Ottawa is not a manufacturing or industrial centre. It is a city which has been built up along a special groove because for years the seat of government has been here and there has been a steady flow of money from the government to the citizens of Ottawa. The people of Ottawa, the merchants and professional men, the tradesmen and others have all become accustomed to the steady flow of money, and no worse blow could be dealt to the whole city than to hit at the very root of its purchasing power. It is quite true that in nearly every city of this Dominion people have to suffer these cuts, but in this city, because of the special flow of money in a special way, people have been in the habit of arranging their budgets and cutting their sails according to their cloth, making commitments according to their revenue, more so than is the case in other cities where the flow of money has not been so steady. In manufacturing and industrial centres, where it is true the wage-earners have to cut their sails according to their cloth, the same commitments were not made as were made here. That is why the city of Ottawa is being hurt to a greater extent than any other city.

The $2,500,000 which is cut, if there is a turnover of three or four or in some cases ten to one, represents a decrease in circulation in this particular city of over eight or nine million dollars. As I said last year, I shall not go into details, but I desire to say to the hon. Minister of Finance that he should not have singled out Ottawa for that particular reason. I desire to pay tribute to those who have so willingly looked after the misfortunes and sufferings of the people of Ottawa and have done it and are doing it so quietly and with so little ostentation that even the Minister of Finance has been unable to perceive it.

Mr. RHODES: I do not propose, Mr. Chairman, to reply at length to my hon. friend (Mr. Chevrier) because he has covered no new ground. I must, however, make reference to one or two of his observations.

In the first place, in quoting the respective statements of the Prime Minister and myself last year, he said that we were asking for a contribution for one year, and that there was an implied promise that the request would not ever be submitted again. We have covered that ground before, Mr. Chairman. The undertaking given by the Prime Minister and myself was given in absolute good faith and was in strict conformity with the facts. The bill in its terms spoke for itself in that respect. The request was made for one year. I have stated in the course of similar discussions upon this measure that no one would be more delighted than myself if the government did not feel called upon to ask for this sacrifice this year, and nobody would be more delighted than myself, and I am sure I speak for the government as a whole, if we were never called upon to ask for a similar sacrifice again. So I do not for one minute submit to the contention of my hon. friend that there has been the slightest suggestion of lack of good faith or any failure to implement any understanding which was made at that time.

When my hon. friend speaks of references of my own to the city of Ottawa, I must say to him in all deference that he put words into my mouth which I never uttered. He placed an interpretation upon my remarks which could not properly be placed upon them. I took down his very words. He said: It ill becomes the Minister of Finance to say that the city of Ottawa is not hurt. I not only did not use those words, but I did not use any language which could by any possibility be construed as meaning anything similar to what my hon. friend suggests. What I was doing was merely to indicate that relatively, as compared with other cities in Canada, Ottawa was in a more favourable position by reason of the fact that there was a larger proportion of its citizens in assured employment than was the case elsewhere in Canada. I was not for one moment suggest-

ing that there was not suffering and distress and hardship in Ottawa in the case of individual families, and in the case of individuals not in the government service but who lack employment to-day because of conditions in the lumber industry, for instance, and other industries. I do not for one moment mean to suggest that there is not that type of individual suffering. My remarks had reference merely to the relatively favourable position of Ottawa as compared with other cities in this dominion.

I do not think that I need say anything further. I think I have replied to the two points upon which my hon. friend laid particular stress. I need only assure him that, as he knows, in the case of this bill we are asking for this sacrifice for this year. I sincerely hope that we shall not be called upon in another year to ask for a similar sacrifice. But if conditions in another year are similar to conditions to-day, it would not be at all unlikely that a similar contribution might be called for. But I sincerely trust that that will not be the case.

Mr. MacLEAN: There is one case that I should like to bring to the attention of the Minister of Finance in connection with this ten per cent deduction, and that is as it is applied to salaries of lighthouse keepers and others who are given living quarters in the lighthouse building. I do not know whether it was the intention last year that the act should be applied in the way in which it has been. For the sake of illustration let me give a concrete case, that of a lighthouse keeper receiving a salary from the Department of Marine of $400. A ten per cent deduction amounts to $40. But the lighthouse keeper may have his living quarters in the lighthouse building. He can live there if he wishes or he can have his own residence, but as he has to be on duty most of the time he generally lives in the building. The department values the living quarters at, say, $200 a year, and in making the deduction they take off, not ten per cent of $400, but ten per cent of $600. So they are actually taking fifteen per cent of his salary. They take ten per cent off $200 which he does not receive. I do not know whether that was the intention of the act last year, but I do know that that is the way in which it has worked in our part of the province at least. These men, as the minister well knows, are not receiving very high remuneration, and it is quite a hardship on them to be cut this additional amount. I should like to have an explanation from the minister.

Mr. RHODES: I shall be pleased to look into any individual case which my hon. friend cares to submit to me and I may be able to give a specific answer with respect to it when we are in committee on the bill. But I may say to him at once that the general rule which has been applied without exception is this, that where an allowance has been construed as constituting a portion of the salary, that allowance is subject to the deduction the same as is the salary proper. Where it is not, and there are numerous cases where that is so, the allowance is not subject to deduction. As my hon. friend realizes, in the case of a rule to be applied generally there will be instances here and there where individual injustices may arise. That is impossible in the application of any general rule. However if the hon. member will tell me of any particular instances I shall be glad to give them special attention.

Mr. ELLIOTT: Mr. Chairman, I assume that all hon. members regret the necessity which has actuated the government in bringing the present measure before the committee. It is unfortunate they feel that again this year the cut is necessary. Last year I supported the reduction because I believed it should be made. At the present time I do not intend to enter upon the reasons which some of us think have contributed to making cuts of this kind more necessary in the last year or two than they otherwise would have been. Upon looking at the paper this morning I find that the bank debits for the month which has just closed are much less than they were for the corresponding month a year ago. The trade returns for the year ending January 31, 1933, indicate that the trade of Canada has declined greatly.

There is no use beating about the bush. Money must come from somewhere, and I believe it is time the government took not only the measure now proposed but even more drastic measures in order to bring our budget to a point where it more nearly balances than it did last year. At that time I urged, and I repeat to-day, I do not think it is fair that those who are receiving small salaries should receive anything like the same percentage of cut as those who are receiving, say, $3,000 or more. Of course, some special consideration was given in connection with salaries under $1,200. As I pointed out to the Minister of Finance last year that consideration would seem to indicate that in the minister's view the smaller salaries should not be cut to the same extent as are the higher ones. I cannot, for the life of me, see why the same rule should not apply to salaries over $3,000 as compared with salaries under $3,000 and salaries over

$2,000 as compared with salaries under $2,000. Surely people receiving higher salaries can better afford the cut than people receiving the lower salaries. I am not objecting to the cut on the lower salaries. There are many people in Canada to-day who, from present conditions, are suffering more than those people who have salaries. We know that there are many people without salaries, and out of work. In my view the people upon whom the burden of taxation comes most heavily are the agricultural class. Their returns have been cut not merely ten per cent or twenty per cent, but several times that.

At the present time I do not think it is necessary to enlarge upon the necessity for revenue. Whatever the cause may be, revenues are not coming in. I am satisfied that within a short time when the budget is presented by the Minister of Finance the people of Canada will be greatly disappointed. It is my view that the government are faced with the necessity of making an heroic effort to meet present difficulties. They must endeavour to see how nearly this year they can cut to the bone every expenditure which possibly can stand a cut, and also endeavour to make the increase in our public debt much less than it was last year.

So far as I am concerned, I am in favour of a graduated cut, ranging from five per cent on lower salaries to much more than ten per cent on salaries over $3,000. I believe such an arrangement would be fair, would produce more revenue and would do no injustice to the people involved. This is a serious time in our history. Sacrifices have to be made in many quarters. In my view the greatest sacrifices should be made by the people receiving the highest salaries.

Mr. HEENAN: Mr. Chairman, I am sorry I cannot endorse the views of the ex-Minister of Public Works, because in my opinion the reduction in purchasing power brought about by salary reductions only aggravates conditions now obtaining. Apart from that, during discussions on a similar measure introduced last year, I pointed out to the minister the many inequalities and unfair circumstances which would be created through the introduction of a general reduction in salaries and wages. I pointed out that a ten per cent reduction from the wages of government employees would be followed by a similar reduction in the wages of private employees doing similar kinds of work. That actually took place. As a result a general ten per cent cut has taken place as a result of the example set by the federal government.

First, on the Welland canal—I believe it was the Welland canal—the Minister of Railways and Canals reduced the wages of the men to the level obtaining under private employers. Following that the Minister of Finance introduced the bill of last year to reduce by ten per cent the wages of government employees. So that when the private employers found that government employees were receiving ten per cent less, they undertook to reduce the wages of their men by the same amount. So the reduction goes on, everlastingly. Last year when the former measure was under discussion I asked if the government, or any member of it, had investigated to ascertain what effect the ten per cent reduction would have on the whole country, if every employee had to take a ten per cent reduction. The Minister of Trade and Commerce replied that the government had not obtained sufficient information to reply to such a sweeping question. Since that time a year has elapsed, and I am wondering if the government is in a position now to tell the house how such a reduction would affect Canada. Surely it is about time we gave some thought to that phase of the matter. We have heard the slogans of "Canada for Canadians" and "Canada first, last and all the time." But, due to the policies of hon. members opposite we have reached the stage where we have nothing but Canada left for Canadians. Inasmuch as they have seen fit, through their trade policies, to shut out trade with practically all countries of the world, surely they ought to have considered the effect a reduction in the purchasing power of Canadians would have on Canada.

This morning I had occasion to refer to some figures, and I found that in the period from 1922 to 1929 the wages of men in manufacturing pursuits were increased by $302,000,000. I have not satisfied myself yet as to the reduction from 1929, but I am satisfied that we have lost the greater portion, if not all, of that $302,000,000 in wages in manufacturing industry. The wages of railroad men were reduced $74,000,000 last year as compared with 1929, and this year I am satisfied there will be a further reduction of $50,000,000 in railroad wages. Then we have about $35,000,000 less paid in wages in the mining industry of this country, and we have a reduction of $8,000,000, as the finance minister said, in the wages of civil servants. If we had this half billion, this $500,000,000, floating around, instead of trying to balance the budget, would it not have the good effect of restoring to this country a part of the prosperity which we have lost? It would to a large extent relieve the

Minister of Labour of his worries, he would not have so many people on direct relief. We are saving it with one hand and paying it out with the other. In my opinion we are entirely on the wrong track in reducing the purchasing power of the people of this country. I am sorry that this government has seen fit to lead the way. The Prime Minister, boldly stated his position, when he introduced the measure; he said someone in this country had to lead the way in order to economize. And they surely did lead the way; practically every employer in Canada followed the example of this government. The railroad companies put in a ten per cent reduction in wages, and now they are asking for a further ten per cent reduction. I do not know where we are going in this regard, taking the purchasing power from people with one hand and putting as many on direct relief with the other. I am sorry this government cannot see their way to turn back. I remember hearing the present Prime Minister and the Minister of Railways, and I think the Minister of Justice and the Minister of Trade and Commerce, standing boldly here when they were on this side of the house, and telling the government that the wages paid to certain civil servants were not sufficient to keep them and their families in decency. If that was a fact then, how do they expect them to live in decency now, with this ten per cent reduction? I just bring this up to point out that there should be some end to these reductions in wages, in order that the purchasing power of this country may be maintained. I am going to reserve my remarks until we reach second reading, or get into committee on the bill, but I want to impress upon the Minister of Finance the unfairness of reducing prevailing rates, still further, because it is just an encouragement to private employers to follow the example of the government in that respect.

Mr. MITCHELL: I want to make just a few observations on this bill at the resolution stage. Frankly I am opposed to the proposal to extend the ten per cent reduction in wages. I am ready to admit that it is psychologically sound, but economically I think it is absolutely unsound. The government might at least comply with the conditions laid down by its economists in the Labour department as to what is considered an ample standard of living. Ninety per cent of the civil servants work for less than $1,200 a year; the Labour department through its publication The Labour Gazette lays it down that the budget for the average family of five should be $1,600 a year. Paul Douglas of the Labour Economist of the United States found in 1918 that when the family income was less than $1,400 a year the family did not get enough to eat. To-day we have this paradox, that while the wages of labour are being constantly reduced the wages of capital are being increased. It must be apparent to all members of this house that you cannot go on increasing the wages of money and at the same time reducing the wages of men and women engaged in industry and agriculture. I often wonder what would happen if a bill were brought down by the government having for its purpose a reduction of say ten per cent in interest rates to the bondholders of this country. If in the opinion of this government it is necessary that the living standards of the men and women of this great dominion should be lowered I think it is perfectly logical that the same argument should apply to the charges on money.

Last year we said that the government by adopting this policy would be setting a bad example to employers of labour. I want to show how this has worked out by reading some correspondence that has passed between the secretaries of some labour unions and the government of Canada. This is a letter from the Bricklayers', Masons' and Plasterers' International Union, Branch 17, Peterborough, Ontario, to the president of the union in Toronto:

December 30, 1932.

Dear Sir,

I wish to protest against the action of our government in paying off two of our members at 72½ cents per hour on a job for the Trent canal system at Burleigh Falls which is in our jurisdiction. The job lasted about fifteen days.

The president of the Toronto local got in touch with the Minister of Railways and Canals, and received the following reply:

January 23, 1933.

Dear Sir,

With further reference to your letter of the 14th instant, complaining that the rate of 72½ cents per hour was paid union members at Burleigh Falls when the regular, recognized rate is 80 cents, I have been looking into this and am informed that the arrangement made with (the men's names) for bricklaying work at Burleigh Falls stated that the department's rate was 80 cents per hour, less 10 per cent, and they accepted employment on this basis without objection. Eighty cents is the accepted and prevailing rate in that locality and is subject to the ten per cent reduction under the statute.

Then when we go further east we have a condition existing in Halifax. This is from a letter addressed to Mr. Tom Moore, president of the Trades and Labour Congress of Canada.

When the government's policy of the eight hour day in all government service was put into effect it resulted in the machinists employed in

the naval dockyard in Halifax being paid at a 75 cents per hour rate, which I might say was in line with the prevailing rate at the time. Then, during the first part of 1932, a survey was taken of prevailing rates in Halifax which showed 70 cents as being the prevailing rate, following which survey the National Defence reduced the rates to 70 cents per hour for machinists on April 1, 1932. Then the ten per cent deduction was made effective. This reduced the machinists to 63 cents per hour. Now soon after this the Halifax firms employing machinists took advantage of this rate and reduced the rates in keeping with the dockyard, with the result that now, should a survey be taken of Halifax, I believe that the result would show quite a shrinkage in the prevailing rate, so should the National Defence again reduce to the prevailing rate and then the ten per cent deduction on top of that I hardly know just where it will all end. It just seems to be an endless chain with the government setting the pace.

You can see from the position taken by the Labour department that as soon as the ten per cent deduction is put into operation in connection with the prevailing rate the employers counter with a further reduction in wages. Assuming that this ten per cent reduction will again go into force, I submit that some amendment should be included in the bill to protect the men who are under agreement with contractors outside the Dominion service. You can readily see that the thing feeds on itself. I know of many organized trades that have taken reductions amounting to as much as thirty per cent since the depression started, and under the ruling of the government in relation to this bill they have to take another reduction of ten per cent in their pay. I would leave that thought with the minister with a view to having the government take action along the line I suggest. I would point out that a precedent has been set in the case of engineers and others employed by the Vancouver harbour board which should help us in getting a general order. Mr. Ward explained how the treasury department rescinded the ten per cent deduction when it was shown that the harbour employees had taken a ten per cent deduction effected by agreement, following the ten per cent wage deduction on railways.

Mr. FOURNIER: In July, 1930, the right hon. gentleman who now occupies the position of Prime Minister laid down his platform in so far as it affected the civil servants of Canada. This is what he said on that occasion, as reported in the Ottawa Citizen at the time:

> By personal investigation I have come to the conclusion that the fair way to deal with the civil service is, first, to appoint to the Civil Service Commission a member of the civil service; second, to maintain the merit system and rigidly adhere to it—something the present administration has not done; third, to hold a survey of all positions for reclassification and promotions; fourth, to amend the Superannuation Act and remedy its defects; and I will see that this is done at once and not nine years after taking office.

At that time conditions were perhaps not as bad as they are to-day, but in what I have quoted you can see what the Prime Minister's attitude to the civil service was, and two years later he has not made the modifications to the act as he proposed when he laid down the platform of his party. Instead, as Minister of Finance, he first introduced this resolution to deduct ten per cent from the salaries of all civil servants. The reasons he gave at the time were these. He said he believed that the deduction was essential to enable this country (a) to have a balanced budget; (b) to maintain the national credit; and (c) to meet the tremendous obligations of the country. Has the deduction in salaries met those conditions which the Prime Minister deemed essential? What is the answer to the first? Has it helped to balance the budget? I do not think it has succeeded very well. The amount secured from the deduction is around $8,000,000, and here I would quote from the Ottawa Journal of February 22, 1932, to show what that newspaper thought of the decision to impose upon the civil servants the obligation of balancing the budget:

> It must balance its budget. But isn't the answer to that simply that it is hardly fair to ask so much of sacrifice from one class—a moderately paid civil service class? The income tax exempts a married man up to $3,000. That being so, what is the justification of a demand that a civil servant getting $1,200 should contribute $60, which is what will be taken from him even with this superannuation deduction? We know what the answer will be. It will be that there are scores of thousands of persons without jobs, scores of thousands who would be glad to contribute $60 or more if they could get their hands on $1,200. It is no answer. The right comparison is not between a man with a job and a man without a job, but between two men who have jobs and who are getting the same salaries. Who have the same incomes, but whose contributions toward balancing the budget are unequal.

That is one of the reasons why we oppose this measure. Another reason is that family obligations are not taken into consideration. The flat deduction of ten per cent applies to salaries of $1,200 and up without making any distinction between single and married persons in the service. Our income tax act makes a difference in the taxation levied on fathers of families; there is a specified amount for each child under the age of twenty-one. To be just to the civil service, why not apply in this case the principle applied in the Income Tax Act and relieve fathers or heads of families

to the extent of family charges and obligations? This would be far more equitable. Another reason for opposing the deduction is that twenty-five or thirty per cent of the civil servants reside in Ottawa and Hull, so that twenty-five per cent of the deduction is supported by a population of between 150,000 and 160,000 people. Other reasons have been given by hon. members—for example, that this reduction in salaries is setting a bad example to corporations and other employers who followed suit after the resolution was passed at the last session. I am still opposed to this legislation.

Mr. HOWDEN: I do not oppose this measure. Like the hon. member for West Middlesex, who spoke a little while ago, I believe that those in receipt of larger salaries should contribute a larger percentage of those salaries than those who are less able to afford it. I rise now however for a totally different reason. To-day it is not one-fifth or one-fourth or one-third of the citizens of this country but practically the whole Canadian citizenship who are suffering from the results of the present period of depression. There is no doubt about it that a very large percentage of the Canadian people are in decidedly restricted circumstances, some of them facing great privation and others in a great many instances facing starvation. I say that advisedly, and I bring to the support of my remarks some letters and telegrams I have here which I shall read to the house in a moment.

One letter I have is from the mayor of St. Boniface. I would point out that St. Boniface is a little city in the province of Manitoba, across the Red river from the city of Winnipeg. It is as old as Winnipeg but unlike that thrifty, enterprising city, St. Boniface did not make the same headway. Nevertheless it is a Canadian city, part of Canada, and is entitled to just as much consideration from this government and from Canada at large as any other city, since we are joined in a common confederation. In that city at the present time, as in many other cities in the west, the people are in abject want. Measures for relief have fallen down decidedly and I have made it my business during the last week or so to try to do everything in order to provide these people with the succor which they deserve. It would appear that they are all barren of relief. I have a letter from the mayor of the city of St. Boniface, along with other telegrams which I propose to read. The letter reads:

I have not up to this time, noon, received any reply to my telegram to you—

That was to me.

—of the fifteenth nor to that directed to the Minister of Finance on the same date, a copy of which I annex hereto for your information.

I may state that if something is not done in the course of a few days towards assisting us for relief purposes we shall have to call upon the Manitoba government for police protection as the merchants cannot possibly continue to advance further relief.

Since wiring you and the Minister of Finance, it is only through the cooperation of some of the wholesalers who have agreed to supply some of the retailers for a few days longer that we have been able to carry on.

As stated in my telegram to the Hon. Mr. Rhodes, we have exhausted every avenue to avoid the trouble that will surely arise immediately merchants discontinue to supply goods.

The CHAIRMAN: I think the hon. member is wandering away from the resolution which concerns the civil servants and the members of the House of Commons.

Mr. HOWDEN: I wish to say that although I am heartily in accord with this measure I do not think the measure is sufficient to meet the needs of this country.

The CHAIRMAN: We should adhere strictly to the resolution. There will be other resolutions which will cover this ground.

Mr. GUTHRIE: The next one.

Mr. MITCHELL: Has the government under advisement the making of some amendment to this bill to take care of those men and women under agreement and subject to the prevailing rate of wages as laid down by the Minister of Labour (Mr. Gordon)?

Mr. RHODES: The hon. member for Kenora-Rainy River (Mr. Heenan) as well as the hon. member for East Hamilton (Mr. Mitchell) base their arguments upon the assertion that the government has reduced the salaries of the civil servants by ten per cent. I do not propose to cover at length the ground I covered when we discussed this matter last year, but I should like to impress upon hon. members that this is in no sense a reduction of salary. We are asking for a deduction of ten per cent from the salaries of the civil servants because of the exigencies of the condition which faces Canada along with the rest of the world. The accuracy of my statement is borne out by this circumstance, that if this bill should pass, at the end of next year the salaries will be just exactly as they were before this bill was introduced. It is not a reduction in salary.

Mr. EULER: It is, temporarily.

Mr. RHODES: My hon. friends might just as well advance the argument that because of the income tax, an individual's salary would be reduced. This is a taxation measure.

Mr. EULER: That is playing with words.

Mr. RHODES: I have gone over this ground time and time again and it seems to me that the proof of my assertions are in the circumstance, as I have already stated, that when this bill lapses next year the salary of every one of the civil servants will be in precisely the same position as it was at the time this bill was introduced.

Mr. EULER: What about this year?

Mr. HANBURY: What is the difference; what is the point involved?

Mr. RHODES: The difference is this: If it was a salary reduction the salaries would remain at ninety per cent of what they were originally, whereas, on the other hand, when this bill expires the salaries will be just exactly the way they were.

Mr. RALSTON: It is a salary deduction.

Mr. RHODES: The hon. member for Shelburne-Yarmouth (Mr. Ralston) with that refinement which is so characteristic of him wants to whittle words with me. He can call it deduction or reduction just as he likes, but it makes not a particle of difference to the argument I make, assuming that my argument is sound.

Mr. RALSTON: I am calling it what my hon. friend calls it, a deduction.

Mr. RHODES: I still repeat that it makes not the slightest difference what you call it. My argument may be either good or bad, but that would have no bearing upon its merits. In my judgment I think my argument is good but hon. gentlemen opposite may disagree.

The hon. member for Kenora-Rainy River went out of his way—I do not think it was quite proper—to attempt to lay the blame for the present condition of world trade upon the policies of this government. That is a very wide question and one which might properly be discussed in this house upon another occasion and with respect to another measure, but I do not like the statement of my hon. friend that we had shut out all trade from Canada to go unchallenged. Let me say to him that relative to the trade of the world the trade of Canada is just as high as it ever was in the history of this country. That is all I wish to say with respect to that one statement.

The hon. member for East Hamilton desired to know whether an amendment will be considered in connection with this bill which would prevent contractors having contracts with the government from reducing salaries. Apart altogether from the constitutional question as to whether or not we would be able to do that, I would point out to my hon. friend that this bill has no bearing upon the case. This bill deals only with those who are civil servants.

Mr. MITCHELL: They are civil servants.

Mr. RHODES: If they are civil servants, then they will be subject to the deduction and if they are not, that would be a matter of contractual rights subject to the laws of the trade unions and of the province in question. In either case, I submit that my hon. friend's suggestion has no fitting reference to this bill.

There are many other things I could say but if I did so I would be only repeating what I said time after time last year when the matter was under discussion. I do not propose to take up the time of the committee any further, at all events at this stage.

Mr. MACKENZIE KING: I have no desire to embarrass the minister but I should like to have upon Hansard a correct statement of what was said at the last session. When we were discussing this matter before in committee I said to the Minister of Finance that at the last session he had certainly given the civil servants to understand that the deduction or reduction, which ever he wishes to call it, would be for one year only. My hon. friend said that no such undertaking was given by the government. I replied that I thought it had been given not only by himself but by the Prime Minister (Mr. Bennett) and I read at that time what I thought covered what had been said so far as the Prime Minister was concerned. I should like to read to my hon. friend the statement he made on February 7, which appears on page 1892 of Hansard. He said:

> In reply to my right hon. friend, the leader of the opposition, I cannot agree with him in his point of view that a promise was broken by our having brought this measure in this year. The deduction was made last year for a period of one year. There was no undertaking with respect to what might or might not have to be done in the future.

During the discussion in committee last year, the hon. minister is reported on page 812 of Hansard of March 4, 1932, as follows:

> We are asking that, while the country is in dire need of a contribution from all its citizens, the civil service shall make a fair contribution for one year only. The bill will provide that it shall apply for one year only, and at the end of that year the salaries of civil servants will be precisely what they were but for the intervention of the bill.

My hon. friend is only playing with words if he seeks to make out that that was not an undertaking that the deduction would be for one year only. Salaries of civil servants would be where they were two years ago, but for my hon. friend continuing his deduction which is equivalent to a reduction, or continuing his reduction which is equivalent to a deduction, whichever way you wish to put it. What the civil servant is concerned about and is finding out is that he is getting 10 per cent less than his salary was before last year's measure was introduced while he was told by my hon. friend last year that at the end of the fiscal year he would be exactly where he was the year before. I realize that the minister has been disappointed in his expectations; I believe he hoped and genuinely believed that, at the end of one year, conditions would have so improved that it would not be necessary to make this deduction for another year. I trust, however, he will not attempt to say that he did not leave the impression that the deduction would be for only one year. I think he has learned wisdom and is now taking the wiser course of giving no undertaking along that line, so that next year he will be free to deal with the matter as circumstances permit. But by his statement of last year he misled the public service into believing the deduction would be for one year only, and now he finds it necessary to continue it for another year.

Mr. RHODES: An old colleague and old associate of mine in the house once made the wise statement: There is a great deal in the point of view; much depends on which end of the gun you happen to be at. My right hon. friend in stating to the house that last year I was playing with words—

Mr. MACKENZIE KING: Was playing with words this year.

Mr. RHODES: Let me say with all deference to my right hon. friend that he is playing with words when he suggests the impression arises from the statement that never again would a similar deduction be asked.

Mr. MACKENZIE KING: I did not say that.

Mr. RHODES: This year we are asking for a contribution for one year only; that is all. I have said in the house at this session as I did last year, that I hope conditions will not again call for a similar sacrifice. But I cannot predict what world conditions will be a year hence, and I do not believe any hon. member would venture for a moment to make any such prediction. We hope they will be vastly improved.

Mr. MACKENZIE KING: Does the minister mean to say that what civil servants are receiving as salaries to-day are what they were receiving before this legislation was introduced?

Mr. RHODES: If we do not ask for a similar deduction next year, that is where the civil servants' salaries will be.

Mr. MacINNIS: Taking up again the point raised by the hon. member for East Hamilton of certain government employees who work on a day basis, let me say that their wages are paid according to the prevailing rate in the particular district in which they live. The government under this bill pays them not the prevailing rate, but that rate less 10 per cent. As the hon. member for Kenora-Rainy River pointed out, these men have already accepted reductions of possibly 30 per cent, but despite that 30 per cent reduction, if they work for the government, they must accept an additional 10 per cent reduction.

The CHAIRMAN: I think the resolution covers only members of the civil service and of the House of Commons. Working men under contract with the government would not come under it.

Mr. MacINNIS: I am not referring to men working for contractors who have tendered on government work. I am dealing with men paid directly by the government and, for that reason, subject to that reduction. If next week the employers in that particular district, because of the government paying less than they are doing, make another 10 per cent reduction, these men, if they are still government employees, may be asked to accept another 10 per cent reduction, so that the point may be reached when these men will be working merely for their board and when the government employs them, they will have to pay to the government 10 per cent of the value of their board. When the Minister of Finance realizes this point, I believe he will take steps to correct it. It has already been rectified at Vancouver as regards locomotive engineers and so forth, working for the Vancouver harbour commission, who, because of the 10 per cent reduction last year in the same way as the other railway employees, were exempted from the 10 per cent deduction under the act passed last year. When the Minister of Finance sees the justice of this point, I am sure he will be willing to consider it and take steps to safeguard the wages of men working by the day.

Mr. CHEVRIER: May I differ from the Minister of Finance in his statement that the salaries, after the 10 per cent deduction will have expired next year, will be at the same level as though the deduction had not taken place? I am absolutely in accord with him when he says that this is not a salary reduction but a deduction. Had I considered it to be a reduction, I should have approached it from a different angle last year as well as this. I was satisfied that it was a salary deduction. It does not reduce the classification, but it deducts from that classification the sum of 10 per cent. The minister, however, forgets that last year these civil servants were entitled to statutory increases.

Mr. RHODES: Some of them.

Mr. CHEVRIER: Well, those who were entitled to statutory increases, did not get them; and those who were entitled to promotions did not get them. Except for a few items which I shall point out in the estimates when the time comes, promotions were stopped. It is not a fair deal that only certain civil servants should receive promotions and increases in salary. As a general rule, however, all promotions and all statutory increases have been stopped, though some promotions may have been made without increases in salaries. The minister is aware that statutory increases are given provided the employees by their conduct are worthy of them. But the vicious principle of the 10 per cent deduction is this, that when the salaries do come back to their 100 per cent a year hence, the civil servant forever will be minus the statutory increases he should have had; and if the government continues this for one, two or three years longer as conditions may warrant, then that civil servant will in the long run lose the benefit of superannuation on the basis of the higher salary that he should have received. Therefore, with all deference to the minister, it is a fallacy to say that when this act expires this or next year, the civil servant will be placed, during the infinitesimal period between the moment when the act expires and the next instant when the new act starts to operate, in the position that his salary will be exactly what it was last year. He is minus his statutory increases and also his promotion, and as long as this is kept up, the longer the injury to the civil servant will last. When these salary deductions cease, that is one point that will have to be impressed upon the government, namely, that some kind of recompense or salary readjustment will have to be made so that these statutory increases will not be left off and when the civil servant, five or ten years hence, is superannuated, he will not then lose the benefit of what should have been his higher salary by reason of his statutory increases. The minister understands what I mean, and I do not believe I need labour the point. If he does not see it, all he has to do is to consult the civil servants who themselves feel it and know what they will suffer in the long run, but I believe the minister sees the point.

Mr. RHODES: My hon. friend from Ottawa is not bringing to my attention any new phase of the effects of this bill. That particular matter has been most carefully considered, and there is no doubt that those civil servants who would otherwise be receiving their statutory increases will be affected.

Mr. CHEVRIER: And by more than ten per cent.

Mr. RHODES: I do not wish to refine words with my hon. friend. I simply wish to assert that my original statement is correct. The salary of these civil servants remains the same. All that it does do is to prevent an increase in salary, which is an entirely different thing.

Mr. RALSTON: The salary is the same but the pay is different.

Mr. RHODES: It has reference to a comparatively limited part of the membership of the civil service. Let me say just one last word. I have just as much sympathy for the civil service as my hon. friend from Ottawa, and I think he will be prepared to admit that, but we must not overlook the fact that there must be more or less a common sacrifice in these days, and while we are asking for a contribution of ten per cent from the civil service, the cost of living to-day is down twenty per cent as compared with four or five years ago. Relatively the civil servant in the city of Ottawa has much to be thankful for as compared with the tens of thousands of those who hitherto have been regularly employed but who to-day are in want and seeking relief. We are dealing with an extraordinary situation because of extraordinary world conditions, and we must always bear that in mind in discussing a measure of this kind. I might add that it is just a question whether we might not have been wiser to have asked for a larger contribution. I have had just as much criticism for not having sought to take more than ten per cent as I have had over this measure.

Mr. EULER: Why call it a contribution at all? You are taking it.

Mr. CASGRAIN: It is no contribution.

Mr. RHODES: I am quite sincere when I say that I do not wish to quarrel over words or phraseology with my hon. friends. I am trying to deal as best I can with the general idea.

Mr. EULER: Why not call a spade a spade?

Mr. POULIOT: May I ask what is the reason for the cut?

Mr. RHODES: The reason for the cut is that the revenues of this country, in common with those of every other country in the world, have shrunk in far too rapid a proportion as compared with the inescapable obligations to which the country is committed.

Mr. POULIOT: I thank the hon. gentleman for his explanation, and I would ask him if his remarks, as reported at page 1875 of Hansard of February 7, really reflect what was in his mind. He said:

> Well, I shall take the hon. member's remarks in their most restricted form. When my hon. friend gave utterance to that sentiment I was thinking of those conditions, when families in Canada who have hitherto known comfort and some of them luxury are to-day in distress and in receipt of public charity, but have accepted it only as a last resort. I have been wondering what they will think of the hon. member for Témiscouata when, from his remarks, they must readily realize that he begrudges making his contribution along with the contributions which must be made through the sacrifies of all the people of Canada, if we are to get over the period through which we are passing to-day.

Every one of us knows that the cut is not intended for charity but that it is being made on account of the difficulties of the hour, and we are ready to do our share by making a levy on our own indemnities as well as on the salaries of the civil service as a temporary measure. I gather from the spirit rather than the letter of what has been said by my hon. friend that he did not intend to give the idea that any of the members were begrudging making their contribution to charity. I do not believe that that was the minister's intention, because if so the cut would not be made because of the difficulties of the hour but would really be a disguised means of enforced charity.

Mr. RHODES: What I had in mind was this. We are expending this year somewhere in the neighbourhood of $35,000,000 as a result of existing conditions. The contribution which we are asking under this measure amounted last year to $8,300,000. With reference to my remarks which the hon. member has just quoted, I meant that this was a contribution towards meeting these extra and unusual expenditures. I did not use the word charity, and I do not wish it to be implied that this money is to be earmarked specifically for such a purpose. It is rather a contribution towards meeting the general situation.

Mr. POULIOT: It was to make both ends meet.

Mr. McLURE: I should like to draw the attention of the Minister of Finance to what seems to me to be a slight unintentional discrimination against those civil servants who have not yet reached their maximum salary. I have in mind several men in the railway postal service, one of whom, for example, is drawing a salary of $1,500. There is a deduction of ten per cent, or $150. Now in the natural course of events this man would be getting an increase of $120 to bring him up to his maximum, so actually he is receiving a cut of $150 plus $120, or $270 per annum, whereas the civil servant who has reached the maximum for that grade of $1,800, is cut by only $180. There may be similar cases. In this particular case it seems there is a little discrimination against those who have not reached their maximum salary, and I draw it to the attention of the Minister of Finance in the hope that some way may be found of correcting this discrimination at the present time or in the near future.

Mr. RHODES: The point raised by my hon. friend was raised last year, and it has been raised again this year. It has to do with the question of statutory increases, which are part and parcel of the whole consideration which arises out of this measure. It involves the sum of about $800,000 a year to the treasury, which is no inconsiderable sum. If we had a full treasury we would not be considering this bill at all, but the conditions are very unusual. We have slender and insufficient revenues, and we must ask for a contribution all around. This is the contribution which we must ask from the civil service.

Mr. GARLAND (Carleton): Last year the government assumed the five per cent superannuation deduction for the lower grades. I would ask if it is the intention of the government to do that again this year.

Mr. RHODES: Yes, the bill is precisely the same in its effect this year as was the bill last year, and applies in the same way to that five per cent.

Mr. VENIOT: I should like to ask this question of the minister: If a civil servant retires in 1934 or 1935, will his pension be based on full salary, plus statutory allowances for 1932, 1933 and 1934, or will it be based on salary minus ten per cent, and minus statutory increases to which he would be entitled if this law had not been passed? May I go just a little farther: If the answer is that it will be based on the salary minus ten per cent, then this bill gives no authority to the government to regulate a pension in that way, because the Superannuation Act would have to be changed.

Mr. RHODES: I can answer one half of the hon. member's question at once. The superannuation which would be received in the instance he cites would be on the full salary, as if ten per cent had never been deducted. With respect to the question as to whether he would have the statutory increase which he otherwise would have received, I would have to make a more complete inquiry and give an answer when we reach the second reading of the bill.

Mr. HEAPS: I should like to emphasize the point raised by the hon. member for East Hamilton in connection with the reduction of pay of those who are employed by the government, but who accept the prevailing rate of pay. I am not quite sure whether or not the Minister of Finance really grasped the significance of the point raised by the hon. member.

Mr. RHODES: I grasped it all right.

Mr. HEAPS: I am sure the minister would not want to do an injustice to anyone. It means where persons already have possibly one or two reductions the government comes along and through the policy they have adopted in connection with all people engaged on government work, force a third reduction. We must remember that that third reduction would affect people who have already suffered two. Then we come to the other point raised by the hon. member for East Hamilton, namely that where men are receiving the prevailing rate of pay they suffer the ten per cent reduction. Immediately that ten per cent cut is put into effect other employers of labour come along and accept the wage rate set by the government, as was the case in Halifax where the rate of pay of certain employees in the Halifax ship yards had been seventy cents per hour, and on account of the ten per cent reduction was reduced to sixty-three cents per hour. Immediately that wage rate was set by the government, other employers followed the example and sixty-three cents became the prevailing rate. Now the government may turn around and say that sixty-three cents is the prevailing rate, that they will have to take a ten per cent reduction at that rate, and the result is that we have an endless chain.

I want to impress upon the minister the fact that where there is a prevailing rate set by contract between employer and employee, those contracts should be respected by the government and the prevailing rates maintained. I think the minister must see the injustice of the government's action, when it forces a reduction below the prevailing rate in the district, and when other employers in that district take advantage of the government's action. I would like the minister to take this all into consideration; that is all I ask him to do. I am thinking of the men outside the government service; there are very few affected so far as the government is concerned, but there are a great many affected who are not employed by the government. I ask not merely that the minister take the matter into consideration, but that some favourable action may be taken.

Mr. RHODES: There is nothing new in the point raised by the hon. member. However, unless he is prepared to take the stand that a man who is getting the prevailing rate should not make a contribution and the man who is not should make it, there is no point in his argument.

Mr. HEAPS: It has happened.

Mr. RHODES: The hon. member is making an assertion that because a reduction is made, therefore it is because of the action of this government. That does not follow at all. I do not purpose to discuss the question as to whether an individual has the right to reduce wages or not. The fact of the matter is that wages have been reduced all over the world.

Mr. HEAPS: I have something before me I should like to read to the house.

Mr. RHODES: The hon. member may read it if he wishes. It may be the opinion of the people of Halifax, but it would not affect us.

Mr. HEAPS: It is not an opinion; if it was I would not read it. It is a letter sent by one of the officials of the machinists union to the president of the Trades and Labour Congress.

The CHAIRMAN: It does not apply to this matter.

Mr. HEAPS: Yes, it is in connection with the government shipyards at Halifax.

Mr. RHODES: There are no government shipyards at Halifax.

Mr. HEAPS: I refer to the naval dockyards at that place. I should like to read it:

When the government's policy of the eight hour day in all government service was put into effect it resulted in the machinists employed in the naval dockyards in Halifax being paid at a 75 cent per hour rate, which I might say was in line with the prevailing rate at the time—

The CHAIRMAN: Order. The people to whom the hon. member is referring would be employed by the harbour commission.

Mr. HEAPS: I am referring to employees at the naval dockyard.

The CHAIRMAN: I do not believe they would come under the civil service.

Mr. HEAPS: Then, Mr. Chairman, if you make it a constitutional point, I should like to ask why they are affected by the reduction in pay?

The CHAIRMAN: I believe I am right in my assertion.

Mr. HEAPS: The letter continues:

—then during the first part of 1932 a survey was taken of prevailing rates in Halifax which showed 70 cents as being the prevailing rate, following which survey the national defence reduced the rate to 70 cents per hour for machinists on April 1, 1932; then the ten per cent reduction was made effective, this reduced the machinists to 63 cents per hour. Now soon after this the Halifax firms employing machinists took advantage of this rate and reduced the rates in keeping with the dockyard with the result that now should a survey be taken of Halifax I believe that the result would show quite a shrinkage in the prevailing rate.

I think it is obvious the action of the government has tended to reduce the rate of pay in the whole of the Halifax district.

Mr. RHODES: It is a matter of opinion whether the action of the government has resulted in a reduction of the prevailing rate. It may be or it may not be. But it by no means follows that because this deduction is asked for it should fix for all time the prevailing rate of wages in Halifax.

Mr. HEAPS: If the government were able to make an exception in the case of Vancouver, why could it not do so for other parts of Canada?

Mr. RHODES: I know of no exception in regard to Vancouver.

Mr. HEAPS: The hon. member for East Hamilton mentioned it.

Mr. MITCHELL: I quoted the following in my remarks:

A precedent has been set in the case of engineers and others employed by the Vancouver harbour board which should help us in getting a general order. Mr. Ward explained to me how the treasury department rescinded the ten per cent reduction when shown that the harbour employees had taken a ten per cent deduction effected by agreement, following the ten per cent wage deduction on railways.

If the treasury board would take the same stand in connection with other parts of Canada concerning the prevailing rate, we would be satisfied.

Mr. RHODES: I think the circumstances are not similar. The hon. member is confusing those who are under a prevailing rate with those who are under a contract.

Mr. STEVENS: He referred to a railwaymen's agreement.

Mr. RHODES: The prevailing rate may or may not be the proper rate, but whatever the rate may be if you have an agreement the agreement should be respected. My hon. friend is confusing two things.

Mr. ELLIOTT: I would ask the minister if he has given consideration to the question of having a graduated scale, as was suggested from this side of the house last year.

Mr. RHODES: Yes, that matter was considered most carefully. If my hon. friend would glance at Hansard of last year he will see that it was fully discussed. I agreed with my right hon. friend the leader of the opposition at that time that if this were a permanent thing, or even intended to carry over a period of years, we should approach it from some such scientific point of view in all probability, although the matter was debatable. But it was a temporary thing. I pointed out at that time that although under the present plan there may appear to be injustices, there would be far more with a graduated scale, because when you come to the border line you find innumerable instances of hardship at every stage with a graduated scale, to a much greater extent than is the case with a uniform cut all the way through of ten per cent. While I am not contending that there is not much to be said in favour of the graduated scale, I say that, having regard to the conditions, on balance the argument was in our judgment more in favour of the ten per cent cut than of the graduated scale.

Mr. ELLIOTT: No doubt I am very dense, but if in the opinion of the minister a graduated scale would be a good thing for a

permanent arrangement, I fail utterly to see why it would not be equally good for an arrangement that has already lasted one year, is now certain to last at least two years, and may possibly, according to the minister's own statement this afternoon, last for a longer period. I quite fail to see how the minister argues that if it were a permanent matter it would be equitable to have a graduated scale, but it is not equitable for a temporary matter.

Mr. RHODES: My hon. friend is not quite correct. I said that the subject was open to argument, but on balance we were of the opinion that the ten per cent reduction was fair on the whole.

Mr. ELLIOTT: Assuming, although we all hope conditions next year will be better, they continue to get worse and last for three years, and the minister decides to make the cut for another year, surely that would be sufficiently permanent to justify the bringing into operation of a graduated scale.

Mr. RHODES: Of course my hon. friend knows full well that it is impossible to argue from the particular to the general. But I will point out that there are some very grave difficulties in connection with the graduated scale which would involve, let us say, a twenty per cent cut on salaries above $3,000. Just by way of illustration, I have in mind one particular case, by no means an isolated case, where even under the depressed conditions that exist to-day an official of the civil service was offered a salary increase of over $2,500 with a company which would guarantee him employment for the rest of his life. That man's services were too valuable to this country, we would not let him go, we had to increase his pay. There are other similar instances. We could not make a general cut of twenty per cent covering that man's case, it would be unfair. But he does submit in the circumstances to the ten per cent deduction. I do not say that perhaps the balance of judgment may not be in favour of a graduated reduction, but I mention it to show the difficulties and ramifications one encounters in trying to work it out in actual practice.

Mr. HEENAN: I would like to be clear as to what the intention of the minister is with respect to the statutory increases. He said this is only for one more year. I was wondering how it would affect those who are entitled to a statutory increase at the end of the time, when we hope there will be no further necessity for these reductions. For instance last year there would be some civil servants entitled to $60 statutory increase, this year they would be entitled to a further $60, that is $120. If there was no necessity for this measure now, would those civil servants' salaries be advanced $120 from what they were at the beginning of these reductions?

Mr. RHODES: He will be retarded for two years in his advance. He may go to his maximum, in all probability will, prior to the question of superannuation arising, but the fact remains that his increases will be retarded for two years, there is no doubt about that.

Mr. VALLANCE: I would like to draw the attention of the minister to a type of civil servant who in the discussion of this resolution to-day has not had much consideration. I refer to a civil servant who is paid on a commission basis, as in the Post Office Department. For instance, in Ottawa, or in any large city, the postmaster received a salary. He will receive a ten per cent cut. The business done by that post office, like that in most others throughout the country, is not as extensive as it was in 1930. Still he receives the same salary, less ten per cent. A postmaster paid on a commission basis, where post office has a revenue of $3,500, gets seventy per cent on the first $1,000 worth of stamps sold, thirty per cent on the rest, and his rental is determined on the volume of business done. The falling off in business is probably equal to that of the post office where the postmaster is paid on a straight salary basis. So at present those postmasters who are paid on commission have taken a cut of about twelve per cent because of the shrinkage in business. Now the government proposes to add a ten per cent cut on top of that. Has that yet been given consideration by the minister? Here is one type of postmaster who has a set salary no matter what the revenue of the office, and he takes a ten per cent cut on that salary. The other postmaster's salary is determined by the revenue taken in by the office, and because of the same conditions both offices are doing less business, but one will take probably twenty-one or twenty-two per cent reduction under this act and the other only ten per cent.

Mr. RHODES: I think that case has been fully considered. If my hon. friend will allow me I will look up his argument in Hansard and deal with it when we come to the committee stage on second reading.

Mr. ILSLEY: I would like to ask about a class of civil servants having a house allowance in addition to their pay.

Mr. RHODES: My hon. friend perhaps did not hear me when that question was submit-

ted earlier, and I think last year. The measure is this, that the deduction is made only in those allowances which are deemed to be a portion of the salary of the office. In other words there are allowances of a special character which are not subject to deduction. I have in mind several instances of that character. Only in the case where it has been deemed as constituting a portion of the salary of the office is it subject to deduction.

Mr. ILSLEY: I wish to bring to the attention of the minister a case I had in mind and which may have been adjusted. It is the case of a janitor who was receiving $25 a month and was furnished with living quarters by the government, the valuation placed upon these quarters being $25 per month. When the ten per cent cut came into effect his salary was reduced by $5. I took the matter up with the department, submitting that this was entirely unjust. It was based upon the theory that he was really receiving $50, $25 in living allowances and $25 salary, and that therefore the salary was properly subject to a reduction of $5. The result was that he got $20 per month thereafter instead of $25. The matter may have been adjusted because I am not acquainted with the present status of the case, but I should like to find out whether that class of cases is still being so treated, because I submit that it is entirely unjust. A little reflection will show that the salary cut is based upon the theory that prices have gone down, that the cost of living has gone down approximately ten per cent. If that is the case it would be perfectly just, if he were receiving $25 by way of allowance for living quarters, to reduce the $25 to $22.50; but where the government is itself supplying the living quarters, their value by hypothesis is only $22.50; therefore he should receive a total of $45, and his salary should be $22.50.

Mr. RHODES: I understand the point. It may be that there has been an injustice to that individual, but whether it be so or not the fact remains that he comes within that class of cases where the living allowance has been deemed to constitute a portion of the salary, and in that case it is subject to deduction.

Mr. ILSLEY: But he is not actually getting any living allowance; he is supplied with quarters. I submit that this is an injustice that should be remedied. Can the minister tell me whether in a case such as I have put to him the man will get $20 or $22.50?

Mr. RHODES: I can only answer in general terms, but I will make specific inquiry and give the hon. gentleman an answer on the second reading.

Mr. HANBURY: I think the civil servants and even members of parliament who are taking the deduction would accept it with much better grace if they felt that the people who are really benefiting from it were also suffering the deduction. I refer to those who carry bonds of the dominion. We have yet to see any demonstration or hear any suggestion on the part of the government that the bondholders are to participate to any extent in the cut. The minister pointed out to the hon. member for Ottawa that the cost of living had been reduced by twenty per cent, but he has not stated to what extent he proposes to reduce the income of the bondholder. There is one other point I wish to raise. In the estimates we notice that civil servants who should be superannuated on account of age are being carried as civil servants. I do not think that under present conditions, when the government are asking members of parliament and civil servants to take a reduction, any member of the service should be carried one day past the time due for his retirement.

Mr. RHODES: I may say to my hon. friend that the government would welcome any opportunity of borrowing its money at a much lower rate of interest; that is obvious. But I have no hesitation in saying to him at once that this government certainly will, and I think the dominion always should honour its contractual obligations. There will be no question of repudiating the contract we entered into when we borrowed money from the public on the issue of bonds. With respect to the other point raised by my hon. friend, as a general principle I agree with him entirely that civil servants would be far better off and opportunities for promotion would be increased to a greater extent if there were automatic retirement as provided. No government in the history of Canada has complied generally with that principle to a greater degree than has this government. The exceptions can be counted on the fingers of one's two hands, if not on one hand, in the whole of the public service. It would be unjust for me to indicate individuals, but I have in mind men who have had exceptional experience, men who have been thirty and forty years in the public service and who are being continued solely because of special qualifications and because of their fitness for the particular posts they occupy. Not to continue them

would be to do an injustice to the public service, but subject to these few exceptions I am in entire agreement with the latter part of the hon. gentleman's remarks.

Mr. HANBURY: With reference to the retiring of civil servants after they have reached the age of superannuation, I agree with the minister that there may be exceptions, but I think they should be very exceptional exceptions.

Mr. RHODES: They are.

Mr. HANBURY: With reference to the minister's remarks regarding those who hold bonds of Canada and who after all are the beneficiaries of this sacrifice or reduction we are making, the minister's answer was rather obvious, I think; I had hoped he would say something different. After all the minister is quite aware that everything is not right in Canada to-day. There are many people who feel that a large group of citizens are not sharing their full responsibility although they are beneficiaries from the condition that exists, and that is something that the minister should attempt to answer.

Mr. RHODES: Perhaps my hon. friend did not mean to impart to his remarks as much asperity as his tone would suggest. I thought I gave a very clear answer to his suggestion. It may be that bondholders are not making the sacrifice they should. That is an entirely different question, however; but confiscation is not in our mind. I do not think there is anything I can add to the previous statement I gave and which I assure my hon. friend I made in good faith.

Mr. HEAPS: Has the minister a list of the persons employed by the government affected by the salary deduction and also the amount of salaries received?

Mr. RHODES: I am sorry I have not at the moment the figures under my hand. I gave them last year. As to the amount of salaries, it is a little over $80,000,000, the saving of ten per cent last year having amounted to $8,300,000. I should not care offhand to hazard an estimate of the number of civil servants but I will give the hon. gentleman that information at a later stage.

Mr. HEAPS: I understand that a large number of civil servants, about ninety per cent, receive $100 per month or less. It was so stated this afternoon. The minister said in reply to the member for Ottawa that this reduction, or whatever you choose to call it, is being made in order that the persons employed by the government may in some way help to tide over the extraordinary conditions through which we are passing at the present time, and help to pay for the large amount of money the government is compelled to find to take care of the unemployment situation here in Canada.

Mr. RHODES: That is part of it.

Mr. HEAPS: It seems strange that we should ask people receiving $100 per month or less to make that sacrifice for the men and women who happen to be out of work. As the hon. gentleman who preceded me pointed out, it would be far more logical to tax those who are better able to bear the burden. I do not wish to advocate the confiscation of wealth, but the minister said that he found it difficult to devise ways and means of getting at all the bondholders of this country. Last year we saved a little over eight million dollars in salaries, while the interest charges increased by thirteen million dollars. I think the government should take into consideration the taxing of the interest paid upon these bonds.

Mr. RHODES: They are taxed.

The CHAIRMAN: I think this is all out of order. Hon. members should confine themselves to the resolution, which deals with the civil servants and the members of the House of Commons and the Senate.

Mr. HEAPS: I am suggesting to the minister where he can find sufficient money to make it unnecessary to reduce salaries. I am sure the minister will be grateful for any suggestions I have to make.

Mr. RHODES: Wait for the budget.

Mr. HEAPS: In the meantime this ten per cent deduction may be made effective.

Mr. RHODES: It will.

Mr. HEAPS: If a twenty per cent tax was put upon the interest of these bonds it would yield about $20,000,000 and the minister would not have to go out of his way to take $8,000,000 from people who are receiving an already too small salary. I do not think there is much more I have to say as I would be only repeating what I said last year. I do not believe that a reduction of salaries to the extent of five or ten per cent, as the government has done this year, will materially benefit the finances of the country. On the contrary, it has had a very bad effect upon employers in other parts of the dominion. They have followed the action taken by the government and have reduced the salaries of

their employees. In times like these I think we ought to attempt to increase the purchasing power, keep it at the absolute maximum. Where there is wealth, that wealth ought to be taxed to the highest possible point.

Mr. MITCHELL: Will the members of the new tariff board come under the provisions of this resolution?

Mr. RHODES: Yes.

Resolution reported, read the second time and concurred in. Mr. Rhodes thereupon moved for leave to introduce Bill No. 38, to amend the Salary Deduction Act, 1932.

Motion agreed to and bill read the first time.

UNEMPLOYMENT AND FARM RELIEF

CONTINUATION FOR ONE YEAR OF PROVISIONS OF RELIEF ACT, 1932

Hon. W. A. GORDON (Minister of Labour) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a measure to continue in force the provisions of the Relief Act, 1932, until the 31st of March, 1934.

Mr. MACKENZIE KING: Is the minister going to explain this resolution?

Mr. GORDON: I would prefer that the resolution be allowed to go into committee and then I shall give my explanation and make some observations.

Mr. MACKENZIE KING: A number of hon. members wish to speak to the resolution, and will expect to hear something from the minister. They will probably wish to say a good deal more when we are in committee.

Mr. GORDON: I am content. I think it is desirable that I outline, perhaps at some length, the proceedings and actions which have been taken under the various relief measures, and particularly under the 1932 legislation, in order that hon. members may have the general picture.

As hon. members know, the act contemplates that the detailed report is not required to be filed until March 15, following the end of the fiscal year. The reason for this is obvious; it is in order that the information in the final report shall be as complete as possible. Under the unemployment relief act of 1930, which came into force in September of that year, provision was made for the carrying out of public works and the extending of direct relief to relieve unemployment until August, 1931. I intend to direct my observations mainly to the distribution of moneys by the dominion, provincial and municipal authorities, because I feel that if that is made known to hon. members they will then be better prepared to discuss matters when the bill comes up.

Under the 1930 act the Dominion government contributed to public works a total of $14,396,976.81; to direct relief, $3,547,135.08, and the cost of dominion administration was, $43,061.97. The total expenditure by the Dominion government under that act was $17,987,173.86. This expenditure by the Dominion government represented the carrying out in the dominion of public and other works to the extent of approximately $69,000,000. This total includes the contributions made by the provinces and the municipalities. The direct relief expenditure by the dominion, provinces and municipalities under this legislation totalled approximately $11,000,000. The relief works carried out under the provisions of the act afforded work to 337,633 individuals for varying periods, the amount of work thus afforded being 7,481,449 man days.

In August, 1931, the Unemployment and Farm Relief Act, 1931, became effective and continued in operation until the first day of March, 1932, and under the provisions of the continuance act of 1932, the operation of the 1931 act was continued until May 1, 1932. Under the 1931 act, by agreement with the various provinces of the dominion, the federal government agreed to contribute the sum of $34,008,878.29 towards the carrying on of works by the provinces, municipalities and federal departments, the total cost of such works being approximately $81,000,000. When the act expired on May 1, many works which had been undertaken thereunder, and many commitments which had been made with the provinces and which had not been completed by that time but which, in the opinion of the provinces, it was altogether desirable should be carried to completion, made it necessary that an extension of time be given for this purpose, the gross costs of works thus extended being approximately $14,778,000.

For direct relief, the expenditures of the Dominion government under the 1931 act to date amount to $11,668,783.79, which includes $5,288,085 to the Saskatchewan relief commission. Under the 1931 act the expenditures for public works gave employment to 583,492 individuals to the end of December, 1932, the total wages paid being $39,532,328.42, and afforded a total of 13,274,436 man days' work.

After a survey of employment conditions in the Canadian National railway shops, it was decided to maintain operations in them so as to permit of intermittent employment being given to as large a number of employees as possible, and employment was in fact given

in the Canadian National railway shops. In the month of September, 1931, the Canadian Pacific railway was compelled to shut down its shops. Many applications for assistance were made to the government on behalf of the men thus thrown out of employment. Arrangements were made with the company to open its shops on the 17th day of November, 1931, and to keep them open until the 31st day of December of the same year, the government lending the company $1,447,222.71, to enable the wages of such employees to be paid. The total number of railway shop employees thus given employment was 8,455. The government felt that this was a proper thing to do under the circumstances with respect to the Canadian Pacific.

Mr. YOUNG: Was any money lent to the Canadian National to enable them to keep their shops open?

Mr. GORDON: Their shops were kept open with government assistance, I believe.

Mr. VENIOT: What amount was incurred in keeping the Canadian National shops open intermittently?

Mr. GORDON: I have not those figures before me, but I shall have them before me when the bill gets into committee.

In view of the practically unanimous recommendation of the provinces at the provincial conference held in April, 1932, that public works as relief measures be discontinued in view of their great cost, and that direct relief be adopted instead as the policy, public works have practically been discontinued as relief measures and direct relief has been adopted across the dominion. That matter was very thoroughly discussed by representatives of all the provinces and the dominion at that time. Much as we all would have liked to continue the construction of works on a wage basis with joint contributions from this government, the provinces and the municipalities, it was the unanimous opinion of the provincial representatives that this would be casting too great a burden upon the provinces and the municipalities, and unquestionably the federal government was also feeling the strain of that burden. Out of that conference developed the idea that the utmost the governments and the municipalities could do would be to afford direct relief. About this time, following a number of conferences with various organizations and with the provinces, the question came up of relieving in a measure the urban centres of some of their unemployed by way of assisting in having them settled on lands within the dominion, and after the conference I dispatched the following telegram to each of the provincial premiers:

Government has decided to apply unemployment relief expenditures towards assisting selected families earn subsistence on the land and put themselves on self-supporting basis. Have decided to contribute as non-recoverable relief expenditure a sum not exceeding $200 per family and not exceeding one-third cost relief settlement plan submitted by province and approved by Dominion. Provincial government responsible for administration of scheme including selection of families, location of farms and settlement families thereon. While this is essentially an unemployment relief measure government urges necessity careful selection of families and land location in order that substantial measure of permanent settlement will ensue. Province to set up qualified committee including representative federal land settlement department and colonization representatives of Canadian National and Canadian Pacific railways to review matter as it concerns province. No part of relief expenditure to be applied to the acquiring or renting of land. The proposal contemplates utilization of crown lands and farms now owned by municipalities and private owners which may be acquired with no down payment and on favourable terms. Dominion expenditure will be made progressively as equal expenditure made by province and municipality concerned. Final arrangements to be reduced to agreement between Dominion and province. In view of advanced season request earliest possible intimation your views.

The house will remember that prior to this, in conjunction with the railways, an effort was made which met with considerable success in directing those who were in urban centres, who were then out of work and who had some money and farm experience, to become colonized within Canada. There may and probably will be criticism of that policy on the part of the government I am just as convinced as I was in November, 1930, that one of the avenues at least which may be resorted to with a degree of confidence, in order to that extent at least to relieve the industrial centres, is to try to correct what is now the decidedly disproportionate situation with respect to our urban and rural population. When one considers that in the last fifty years our population has changed from eighteen per cent urban to over fifty per cent urban, I think it is not debatable that our population is decidedly disproportionate as between urban and rural. With that in view a good deal of success was met with by the provinces, by the railways, and by this government acting in concert in having those who were out of work but in funds, and seeing their funds steadily decreasing, take up land locations, not with the primary object of putting in a crop this year and getting into the export market next

year but rather of preserving their assets and becoming owners of their own locations in order that they would become self-sustaining with a degree of permanency.

Up to that time, of course, the government had not contributed towards the return to land locations of people then living in cities who were ready and willing and able to settle. It was considered by the government a desirable step to apply some of the relief money towards assisting those who were then on direct relief in establishing themselves on the land. The contribution from the Dominion government was made non-recoverable, and was paid and is being paid in progressive stages under the supervision of the committees set up throughout the Dominion of Canada. Those committees I believe are doing very fine work. They are entirely non-partisan, because, so far as this government and so far I believe as the members of this chamber, no matter what their political persuasion may be, are concerned, they have not approached this question from a political standpoint. I think there is a consciousness with every member that we must on the one hand devote any moneys that we can devote towards the object of relieving those in need, apart entirely from any considerations of a political character, and at the same time exercise such control as we can to see that the public treasury is not unnecessarily invaded by subtractions therefrom to take care of the present situation.

Arising out of the proposal incorporated in the telegram which I have read, agreements were entered into with all the provinces except Prince Edward Island for the settlement on farms of selected families who might be receiving direct relief, and who had previous farming experience. The government of Prince Edward Island did not consider that the scheme could be successfully carried out there owing to conditions peculiar to the province.

Briefly, the scheme is that to each family so taken from those receiving direct relief and placed on the land, where it is hoped they will soon become self-sustaining, the estimated cost of supporting them on direct relief is advanced to assist them in establishing themselves. This amount was set at a maximum of $600, to be contributed equally by the dominion, the province and municipality from which the family is taken, and is paid over a period of two years. Not more than $500 is to be paid the first year, $100 being reserved for the second year in case assistance towards subsistence may be necessary. The total contribution of $200 by the Dominion government is, as I have said, non-recoverable.

Mr VENIOT: The minister stated that all the provinces except Prince Edward Island entered into an agreement. May I ask if the province of New Brunswick, after entering into an agreement, carried out its terms? If the minister is not in a position to answer that at the moment, perhaps he will do so later.

Mr. GORDON: I will make a note of the question and give the information later. The total amount for which provision is made under these agreements, the federal proportion of each, and the total number of families in each province, are as follows—and wherever in this statement the figures are long, unless the house wishes me to read the exact amounts I shall give the round figures and ask permission that they be given in Hansard in full:

Province—	Total expenditure provided for	Dominion proportion	Number of families
Nova Scotia	$ 385,695	$ 128,565	642
New Brunswick	342,840	114,280	570
Quebec	642,855	214,285	1,070
Ontario	642,855	214,285	1,070
Manitoba	514,260	171,420	857
Saskatchewan	600,000	200,000	1,000
Alberta	514,260	171,420	857
British Columbia	514,260	171,420	857
Total	$ 4,157,025	$ 1,385,675	6,923

The total expenditure provided for this purpose is $4,157,025, the Dominion's proportion being $1,385,675, and the number of families which will be taken care of 6,923. The settlement this year represents only the beginning of the movement, as the agreements with the provinces cover a period of two years and do not expire until March 31, 1934. A recent report of progress received from the provinces indicates that a total of 1,651 families have been approved, these families having approximately 6,906 dependents.

Mr. HOWDEN: That is all over the country?

Mr. GORDON: Yes. Just at this juncture I may say that I have recently received from the chief colonization officer of the Canadian Pacific Railway Company a complete statement of what was done on merely the advice and direction of the officers of the railway over a comparatively short stretch of road in Ontario.

Mr. BRADETTE: Would the minister state how many settlers have been settled in the different provinces?

Mr. GORDON: I can provide that information. A little more than 1,500 families have gone from urban centres and are settled and are getting along very well along one branch of the Canadian Pacific in Ontario, according to a letter that I have received from the company.

As I said a few moments ago, I do not suggest that this is by any means a complete solution of the difficulties that confront us, but every ablebodied person who understands farming—and I am told that it requires much experience and skill, particularly under present conditions, to make things go—who is moved out of the industrial centres or taken off the unemployment shelves makes just that much more room for those who know nothing about farming but are industrialists and have to look for a revival in industry for their hope for the future.

The Dominion government has continued since May 1, 1932, to contribute to direct relief on the same basis as under the 1931 act, and has also agreed to contribute fifty per cent to the cost of operating board camps wherein the unemployed may be cared for and given useful work in return for subsistence and a small cash allowance. Later this was superseded in the western provinces by an agreement in respect to single, homeless unemployed persons. In order that the house may be apprised of what was done across Canada, I think I would do well to deal with each province in turn from the Atlantic to the Pacific.

First, let me refer to the province of Prince Edward Island, which we all know, is very small, with a population of only about 90,000 people. Relief has been carefully administered by the government of that province. I note that total federal disbursements towards direct relief in Prince Edward Island up to the fourteenth instant have amounted to $9,301.86. This figure, however, does not represent the total cost, inasmuch as accounts in many instances do not reach the department for several months after the contraction for or payment of the sum. In all figures which I shall give concerning direct relief, this fact must be borne in mind: accurate figures will not be obtainable until possibly some time after March 31, when the present legislation expires and the statutory report is tabled. At that time we shall know what the expenditures for direct relief for the present fiscal year have been. As a matter of fact, on the fifteenth of this month I signed recommendations to council for the payment of some accounts for direct relief for some of the municipalities of the province of Quebec, and may I explain that those liabilities were incurred under the 1930 legislation. It would appear that the people at that point were not pressed for money. The federal government contributed, further, in the province of Prince Edward Island to the cost of reconstructing the Falconwood hospital which had been destroyed by fire. In this instance the dominion's contribution amounted to $5,328.24, being fifty per cent of the total labour cost of $10,656.49. That is, with the direct relief disbursements, the total disbursements in Prince Edward Island to the fourteenth instant amount to $14,630.10. As I have explained, some accounts do not reach us until some months after the actual expenditures have been made by the province or municipality. However, we have kept in close touch with the relief activities across the dominion by arranging with the provinces to estimate as closely as possible at the end of each month the amount of relief which has been given during that month. Our experience has been that frequently these estimates are in excess of the actual expenditures. Nevertheless they give an approximate figure concerning relief actually dispensed.

Now we come to the province of Nova Scotia. Direct relief in Nova Scotia is carried on by a three way contribution, 33⅓ per cent being contributed by the dominion, the province, and the municipality respectively. The full disbursements to date for direct relief in Nova Scotia amount to $213,628.25. Some other projects were carried on in Nova Scotia which I shall briefly outline.

First, repatriation of miners to their native homes, involving a total expenditure of $19,893.53, to which the dominion contributed $7,957.41. The situation which arose was shortly this: After the last investigation and report by Sir Andrew Rae Duncan, and following recommendations made in that report, certain mine shafts and collieries were closed. Some miners had been induced to come to New Waterford on the understanding they would receive continuous work. By reason of the closing down of these works they were thrown out of employment. They knew

nothing else but coal mining, and all expressed the desire to be returned to their country of origin. The Dominion government contributed as I have indicated.

Mr. SPENCER: What was their country of origin?

Mr. GORDON: I believe most of then were from central Europe, but if necessary I can get that information. Then, further referring to the projects I mentioned:

Second, provincial highway construction, involving a total expenditure of $80,000, the dominion paying $32,000. This work was done on a forty-sixty basis.

Third, trans-Canada highway construction, which was done on an equal basis between the province and the dominion. The amount involved was $133,647.90, the dominion contributing $66,823.96.

Fourth, payment of excess cost of Nova Scotia coal delivered to Toronto, involving an amunt of $6,087.22, of which the dominion's proportion is $3,043.61.

Disbursements by the dominion in respect of these projects amount to $77,282.54, making a total disbursement to date for the province of Nova Scotia of $290,910.79.

Mr. RALSTON: Is that from the extension of last year?

Mr. GORDON: Yes, from the time this law began to operate.

Turning now to the province of New Brunswick, I may say that the direct relief is on a basis of a contribution of 33⅓ per cent by the dominion, the province and the municipality respectively. The total disbursements by the federal government for direct relief in that province are, to date, $38,434.06.

In the province of Quebec direct relief is, in the main, conducted on a three way equal basis, being distributed between the dominion, the province and the municipality. In unorganized districts however, the cost is borne fifty per cent by the dominion and fifty per cent by the province. Provincial government authorities have represented, however, that many municipalities in the province of Quebec are totally unable to bear their full proportion of one-third, and in such cases, after the province has demonstrated to the satisfaction of the Dominion government that such is the case, the proportion has been varied, the province and the dominion making up the difference. To date, disbursements in the province of Quebec for direct relief amount to $1,389,368.33.

In the province of Ontario direct relief is provided on a three way basis, being divided among the dominion, the province and the municipality. The provincial government, however, established the fact that several municipalities were unable to bear their whole share of the cost of such relief. In this instance, as obtained with regard to the province of Quebec, investigations were made, and after reviewing the representations, reductions in the municipalities' shares were authorized, the dominion and the province assuming equally the amount of such reduction. In unorganized districts the cost is shared on an equal basis between the dominion and the province, as obtains in the province of Quebec. The total disbursements with regard to the dominion's share of direct relief in the province of Ontario to date—and when I use the term "to date" I mean to February 16, 1933—amounts to $2,633,427.18.

Some other expenditure was undertaken in the province of Ontario in order to complete two road projects undertaken under the 1931 legislation. The dominion approved of total expenditure on these projects, to complete them, of $85,000, of which the federal contribution was $30,000. Throughout the province certain board camps have been established on a subsistence basis, with a cash allowance each month of $10 per man. This at first was $5 per man per month, but in the early fall, owing to certain economies which the province was able to effect in the matter of board and by an additional expenditure on the part of province and the dominion of 75 cents each, it was possible to increase this gratuity to the men to $10 per man per month. The provincial authorities represented that it was desirable to take this action in order that those employed on the work could be able to provide themselves with clothing, the majority having reached the point where complete new outfits were necessary.

Mr. YOUNG: They got $10 and board, did they?

Mr. GORDON: Yes, and supplied their own clothing.

Wherever loans have been made under the authority of the legislation of a province, I am going to spread upon the record the facts with respect to them.

A loan was made to Ontario on January 14, 1932, of $2,500,000. This sum was promptly repaid, and it practically became a bookkeeping entry as far as the province of Ontario was concerned.

Mr. BRADETTE: Was that amount of over $2,000,000 given for direct relief to the province of Ontario, or any of it, earmarked for the building of the trans-Canada highway in that province?

Mr. GORDON: Not earmarked for the trans-Canada highway.

Mr. BRADETTE: Could the minister give any amount that was spent on the building of the trans-Canada highway?

Mr. GORDON: Not at the moment, but I will take note of the interrogation and I think I can give the information later.

Turning to Manitoba, direct relief there is borne, the same as it is in the other provinces, on the three way basis between the dominion, the province and the municipality; and fifty per cent between the province and the dominion in unorganized districts and indigent municipalities, after they have been so reported upon by the province and approved of by the dominion. The total disbursement in regard to the dominion's share of direct relief in the province of Manitoba to date amounts to $911,056.18. Then in Manitoba, by reason of the extension of public works which had been started under the legislation which preceded this act, work was carried on, and I will ask leave to read into Hansard the details of the number of individuals and the man days and wages paid during the time the work was in progress:

Month—	Individuals	Man Days	Wages paid
May	579	11,477	$ 59,561
June	719	21,393	104,788
July	795	43,288	261,008
August	782	32,274	249,236
September	561	24,339	206,171
October	561	16,235	94,725
November	37	11,946	93,577
December	80	3,610	14,453
January	45	3,477	5,209

Representations were made to the government, with respect to certain municipalities in western Canada, to the effect that they were unable to cope with the relief of many thousands of single homeless transients who, it was represented, were neither residents of the municipalities nor of the province itself. It arose, as hon. members know, largely through the rather rapid filling up of western Canada with people from other lands. I am not going to criticize the efforts of those who preceded me with respect to that situation. The results, however, which might have not arisen had conditions not become such as they are, was that many many people, single men and some women, found themselves without a home, without family ties of any kind, and were just drifting here and there; and it became apparent to this government that they could not be classed as residents of any municipality or any province. That being the case the federal government undertook to take care of this class of needy persons during the present winter. Early in October we were fortunate enough to secure the services of Doctor W. J. Black for a short period in order to assist the province and the federal government in organizing this relief, the management of the Canadian National Railways being good enough to let us have Doctor Black for this purpose. Early in October Doctor Black went to western Canada and, in conjunction with the municipal and provincial authorities, was instrumental in setting up commissions of public spirited men in each province who undertook to administer this relief. The commission was appointed by the provincial government in each instance. In Manitoba the committee is composed of W. H. Carter, chairman; G. W. Northwood; and A. MacNamara, who I believe is one of the assistant deputy ministers in the Manitoba government.

Mr. BROWN: May I ask the minister if the Dominion government is contributing any part of the money which is being paid to hired men on the farms? I understand the Manitoba government is sending out men on the farms and is paying them $5 per month. Is the Dominion government bearing any part of that expense?

Mr. GORDON: I had not heard that the Manitoba government was paying $5 a month to men on farms.

Mr. BROWN: Well, the money is being paid from some place.

Mr. GORDON: I have seen it stated in the press in some cases that the Manitoba government is paying and has paid $5 a month to men on the farm.

Mr. BROWN: That is a fact.

Mr. GORDON: It may be a fact—I do not know it to be a fact. But I do know that the Dominion government has paid it all up to date. The province may be doing it as well. That is the situation,—the Dominion government is paying all of that $5 a month.

In Saskatchewan the relief commission has assumed this responsibility in addition to its

other duties. The relief commission is composed of Henry Black, chairman; C. B. Daniels, general manager; W. G. Yule, A. E. Whitmore, H. A. Munns, Mrs. Pearl Johnson; Oliver J. Dean, secretary.

The committee in Alberta is composed of A. A. Mackenzie, Edmonton, chairman; Colonel G. E. Sanders, Calgary, and Robert Livingstone, Lethbridge. I may say I received some critical communications after the appointment of the committee in Alberta, suggesting that I had appointed men to this commission to administer the relief who should not be appointed, that these jobs should go to the unemployed. But when I advised them that these men were doing it purely out of unselfishness, without hope of reward other than a lot of criticism and what recognition history may give them, I never got an answer to my letter.

The committee in British Columbia is composed of: Major J. G. Fordham, Vancouver, chairman; Colonel J. S. Dennis, Victoria; Professor W. A. Carrothers, Vancouver.

Agreements have been entered into with the four western provinces whereby the dominion pays one hundred per cent of the cost of providing food, fuel, clothing and shelter to single homeless unemployed persons at a cost not exceeding 40 cents per diem. The agreements also provide for the placement of single homeless persons on farms at $5 per month, payable by the dominion.

Mr. BROWN: I would like to ask where that money is coming from?

Mr. GORDON: It is covered by written agreements with the provinces and is paid by the dominion.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. 23, respecting the Saint Nicholas Mutual Benefit Association and to change the name to "Ukrainian Mutual Benefit Association of Saint Nicholas of Canada."—Mr. Luchkovich.

SECOND READINGS

Bill No. 31, for the relief of Margaret Borham Willson.—Mr. Bell (St. Antoine).

Bill No. 32, for the relief of Clarence Eldon Durham.—Mr. Garland (Carleton).

Bill No. 33, for the relief of Maurice Pashlink Simon, otherwise known as Maurice Simon Pashlinski.—Mr. Hanson (York-Sunbury).

Bill No. 34, for the relief of Marjorie Elizabeth Rae Dixon.—Mr. Bell (St. Antoine).

Bill No. 35, for the relief of Joseph Adrien Desmarteau.—Mr. Bell (St. Antoine).

Bill No. 36, for the relief of Henry Norman Bethune.—Mr. Anderson (Toronto-High Park).

UNEMPLOYMENT AND FARM RELIEF

CONTINUATION FOR ONE YEAR OF PROVISIONS OF RELIEF ACT, 1932

The house resumed consideration of the motion of Mr. Gordon that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a measure to continue in force the provisions of the Relief Act, 1932, until the 31st of March, 1934.

Mr. GORDON: At the adjournment at six o'clock I was dealing with the province of Manitoba with respect to the Relief Act of 1932. As at December 31, 1932, the commissions administering relief to single homeless persons reported the following numbers being taken care of under the arrangement:

Manitoba	5,702
Saskatchewan	4,093
Alberta	6,509
British Columbia	14,870

Accounts have been received and paid for relief settlements amounting to $87,694.93. Under the relief settlement scheme there were settled on farms in the following months the numbers indicated:

Month—	Heads of families	Dependents
July	82	287
September	75	272
October	22	78
November	6	31
December	1	8

Under the farm placement scheme the provinces report the following unemployed persons placed on farms:

Month—	Number	Cost
November	952	$1,500
December	1,228	4,000
January	2,000	9,000

Mr. HOWDEN: What province is the minister dealing with?

Mr. GORDON: Manitoba. In passing I may say that about a month ago I was advised by the officer representing the Manitoba government, and also by our own representative, that we had places on farms in the province for something over 700 single men. At that time we were taking care of some-

thing over 3,000 men in the city of Winnipeg, but we could not prevail upon any of them to go to work; they all had their reasons or excuses.

Mr. YOUNG: What did you do with them?

Mr. GORDON: We have tried to prevail upon them to take work. Of course, some of them are not fit for farm work. Since that time we have been able to move a considerable number out of the city of Winnipeg.

Mr. YOUNG: What do you do with those who will not work?

Mr. GORDON: We just keep on feeding them.

In addition to the above relief, the dominion advanced to the province against its treasury bills loans in the following amounts and for the following purposes:

Loans and advances to Manitoba under relief legislation to February 14, 1933.

Purpose of Loan or Advance	
Total loans, being advances of dominion's share of approved public works	$ 2,600,000 00
By credits applied	2,523,653 33
Balance to be liquidated	76,346 67
Total loans covering provinces' share of public works and/or to loan municipalities for their share	2,900,000 00
Less credits dominion's share public works	.....
Balance outstanding	2,900,000 00
Total loans covering New York commitments	3,133,315 85
Less repayments	.....
Balance outstanding	3,133,315 85
Total loans re direct relief expenditures	1,527,313 60
Total advances re single homeless unemployed	150,000 00
By credits applied	70,827 68
Balance outstanding	79,172 32
Total loans re assistance to farmers including purchase of seed grain	600,000 00
Less repayment	220,000 00
Balance outstanding	380,000 00
Total loans and advances as above	10,910,629 45
Less repayments and credits applied	2,814,481 01
Net amount outstanding	8,096,148 44

In the province of Manitoba to December 31 a bonus of $1,169,025.47 was paid on 23,380,509 bushels of wheat.

With respect to Saskatchewan the direct relief is administered by a three way contribution, municipality, province and dominion, and in the unorganized districts the province and the dominion divide the direct relief expenditure on an equal basis. Relief has been administered in the province of Saskatchewan through the province and the municipalities as well as through the agency of the Saskatchewan relief commission, which has functioned in the dried out areas. In addition, dominion relief has been administered to single homeless unemployed persons. Certain extensions of the 1931 works program was authorized and employment was furnished to the following number of men in the following months: the number of man days and the wages paid is set out in a schedule which I ask the permission of the house to have put on Hansard. It is as follows:

Extensions of 1931 works—Under extensions of time on works approved under the 1931 act work was furnished to the following number of men in the following months:

May—1,431 men worked 29,945 man-days and received $103,844 in wages.

June—1,027 men worked 23,956 man-days and received $73,347 in wages.

July—1,180 men worked 41,762 man-days and received $94,812 in wages.

August—727 men worked 21,863 man-days and received $59,589 in wages.

September—523 men worked 15,941 man-days and received $43,852 in wages.

October—523 men worked 15,496 man-days and received $58,989 in wages.

November—168 men worked 8,531 man-days and received $29,482 in wages.

December—6 men worked 69 man-days and received $433 in wages.

Total—157,563 man-days work was supplied and $464,348 was paid in wages.

Mr. RALSTON: Could the minister give the total in dollars?

Mr. GORDON: The total is $464,348 in wages.

In July, 92 families representing 318 dependents were settled on farms and 304 single homeless persons were placed with farmers.

In August, 289 single homeless persons were placed on farms and 517 single homeless men were employed 1,841 man days in sustenance camps at a cost of approximately $5,079.

In September, 274 families with 995 dependents were settled on farms and 418 single homeless men were employed in camps at an approximate cost of $5,057.

In October, 1,469 single homeless men were employed in camps at an approximate cost of $14,850.

In November, fourteen families with seventy-one dependents were settled on farms, also 532 single homeless men were cared for in camps at an approximate cost of $3,600.

In December, 2,192 single persons were placed in farm jobs and received $11,000 in

wages and 1,966 single homeless men in camps were 36,069 man days at an approximate cost of $20,887.

In January, 5,497 single persons were placed in farm jobs and were paid $27,485 in wages.

Mr. YOUNG: Do those 5,000 include the number placed in December or are they in addition thereto?

Mr. GORDON: I am giving the figures for each month.

In January, 5,497 single men were placed in farm jobs.

Mr. YOUNG: But 2,000 were placed in December. Does that make 7,000?

Mr. GORDON: I have given each month from July.

Mr. RALSTON: The new placements?

Mr. GORDON: Yes.

Mr. WOODSWORTH: Are there any repeaters—people sent out who stay for a few days and are subsequently sent out to a second job?

Mr. GORDON: There may be some. I have not the details of that, but generally speaking, most of these men are placed and continue to stay.

As I said, in January 5,497 single persons were placed in farm jobs and were paid $27,485 in wages; also 647 single persons were employed in camps, 32,200 man days at an approximate cost of $18,405.

Disbursements in connection with relief settlement and other projects amount to date to $19,096.71 and direct relief disbursements amount to date to $136,602.99.

Expenditures made by the Saskatchewan relief commission in what is known as "A" area, with which I presume hon. members are familiar, amounted to $7,668,667.28 and in "B" area to $1,562,735.89.

For freight on moving settlers' effects in "A" and "B" areas, the expenditures were $77,676.72. This makes a total of $9,309,079.89, the dominion proportion being $8,448,304.78, and the provincial proportion being $860,-775.11.

In these areas to December 31, 1932, direct relief was given by the relief commission to families numbering 60,755, with dependents numbering 273,397. In addition aid was given to individual cases to the number of 305, the total number given relief being 334,457. Of course we all entertain the hope that this province will not again meet with the tragedy that overtook it with respect to crops.

Loans and advances to Saskatchewan to February 14, 1933, are as follows:

		Credits or Repayments	Balance Outstanding
Total loans being advanced in respect of Dominion share of approved works	$1,000,000 00	$1,000,000	Nil
Total loans covering province's share of public works and of loans to municipalities	1,673,212 04	Nil	$1,673,212 04
Total loans covering New York commitments	3,934,341 46	Nil	3,934,341 46
Loans for provincial purposes	6,653,739 73	Nil	6,653,739 73
Loans with respect to direct relief	200,000 00	Nil	200,000 00
Advances re single homeless unemployed	100,000 00	Nil	100,000 00

Of course, as the Dominion government is assuring that amount, nothing will be returned.

Loan to Saskatchewan Relief Commission re accounts in "A" area	$2,000,000 00		
Advances in respect to Dominion portion of relief in dried-out area	8,250,000 00		
Accounts received to February 14, 1933		$8,497,371 57	$1,752,628 43
Loans re assistance to farmers, including purchase of seed grain	6,000,000 00	410,000 00	5,590,000 00
Totals	$29,811,293 23	$9,907,371 57	$20,903,921 66

As regards wheat bonus, an amount of $5,669,919.78 was paid up to the 31st day of December in the province of Saskatchewan in respect of 113,398,395 bushels of wheat.

In the province of Alberta the direct relief is provided on a three way basis, the same as I have made reference to in other provinces: municipalities, province and dominion, and in unorganized districts on an equal basis between the province and the dominion. Again I would like to have inserted in Hansard a schedule showing the employment afforded, the farm settlement and placements. The table is as follows:

Employment afforded:

Month	Through extension of works approved under the 1931 Act		Single, homeless men in subsistence camps	
	No. men	Wages	No. men	Approximate cost
May	1,278	$260,660	736	$15,410
June	1,421	15,8762	835	18,431
July	623	48,647	972	21,996
August	294	93,903	986	20,713
September	48	12,324	709	12,853
October	work	completed	345	9,873
November	"	"	3,560	35,324
December	"	"	363	5,784
January	24*	2,100*		
	.....	$633,510	.....	$140,384

*On provincial work (Highwood river) embankment.

Farm settlement and placement:

November—51 families with 249 dependents were placed on farms. Under the relief commission for single homeless men, 2,697 single, homeless persons were cared for in urban centres at an approximate cost of $23,130 (Dominion 100%).
December—6,146 single, homeless persons were cared for in urban centres at an approximate cost of $63,172.
January—350 single persons were placed in farm jobs and received from the Dominion $1,500 in wages. In addition the commission cared for 6,200 persons in urban centres at an approximate cost of $72,500.

The total disbursements to date in respect of direct relief and other projects in Alberta amount to $521,029.67.

Loans to Alberta as at February 14, 1933, are as follows:

Description	Loan or advance	Credits of repayments	Balance outstanding
1. Loans, being advances of dominion's share of approved works	$2,000,000 00	$1,953,954 00	$ 46,045 83
2. Loans, covering province's share and/or to loan to municipalities	2,200,000 00	Nil	2,200,000 00
3. Loans covering New York commitments	3,142,000 00	Nil	3,142,000 00
4. Loans for provincial purposes	500,000 00	Nil	500,000 00
5. Advances re single homeless unemployed	150,000 00	Nil	150,000 00
6. Loans re assistance to farmers, including purchase of seed grain	140,000 00	Nil	140,000 00
Totals	$8,132,000 00	$1,953,954 00	$6,178,045 83

Wheat bonus—$5,857,735.42 was paid up to the 31st of December in respect to 117,154,708 bushels of wheat.

The same observations would here apply with respect to the single homeless unemployed as I made with respect to the other western provinces.

In British Columbia direct relief is administered on the same basis as respects the dominion, the province and the municipalities, each contributing one-third, and in the unorganized districts there are contributions in in equal amounts by the province and the dominion.

By reason of the extension for completion of works which had been approved under the 1931 act but were not completed on May 1, employment was given to the following number of men in the following months:

Month	Number of men	Man days	Wages paid
May	254	5,353	$18,235
June	126	2,118	7,233
July	64	1,734	5,887
August	173	1,435	7,594
September	150	1,276	9,466
		11,916	$48,415

In addition, single men were cared for and given employment in subsistence camps on a fifty-fifty basis with the province to the

following number of men in the following months:

Month	Number of men	Man days	Cost
May	7,896	98,293	$147,169
June	7,706	107,176	143,241
July	6,001	89,740	108,046
August	6,809	83,865	88,138
September	6,532	57,398	71,918
October	3,726	45,762	59,384
January	350	10,000	54,000
		492,234	$671,896

In the months of November, December and January, the federal government assumed one hundred per cent of the cost of single, homeless, unemployed persons, and during those months the following persons of this class were cared for in relief camps or in urban centres:

Month	Number of men	Approximate cost
November	12,854	$127,536
December	14,870	149,400
January	18,300	182,600

From May 1, 1932, to February 16, 1933, disbursements in respect to the federal contribution amounted to $1,383,347.27.

Loans and advances to British Columbia to February 14, 1933, are as follows:

Description	Total loan or advance	Credits or repayments	Balance outstanding
1. Loans, being advances of dominion's share of approved works	$2,800,000 00	$2,800,000 00	Nil
2. Loans covering province's share and/or to loan to municipalities	3,500,000 00	238,412 55	$3,261,587 45
3. Loans covering New York commitments	5,104,164 69	3,040,670 69	2,063,494 00
4. Loans re direct relief expenditures	262,500 00	Nil	262,500 00
5. Advances re direct relief expenditures	112,500 00	106,271 65	6,228 35
6. Advances re single homeless unemployed	280,000 00	Nil	280,000 00
Totals	$12,059,164 69	$6,185,354 89	$5,873,809 80

It will be observed with respect to British Columbia that the province has repaid a little over fifty per cent of the loans and advances made to them.

Mr. RALSTON: That repayment is only by reason of the fact that expenditures have been made to equal the dominion's share of the advance?

Mr. GORDON: Not in its entirety. The largest repayment that was made by British Columbia was a loan of $3,040,670.69, which is part of a loan of $5,104,164.69 advanced by the dominion for New York commitments.

Mr. RALSTON: But the other amount of $2,800,000 is really a cross entry.

Mr. GORDON: Extending the sum that was agreed upon for relief.

Mr. RALSTON: But it is really a cross entry.

Mr. GORDON: In British Columbia, with respect to the wheat bonus, the Dominion government paid out in the Peace river block in that province $23,440.40 with respect to 468,808 bushels of wheat. The total thus paid out in the four western provinces, Manitoba, Alberta, Saskatchewan, the Peace river block and British Columbia, to December 31 last amounted to $12,720,121.07 with respect to 254,402,420 bushels of wheat.

Other works were projected by the Dominion government which in the judgment of the government were desirable in different parts of Canada, under the supervision of different departmental officials, and the work was organized in such a way that it could with the least expense be supervised by these officials.

In Alberta there was the projection of the Banff-Jasper highway, the approximate cost of which was $235,294, or an average cost per day of $2.88, including materials. For the information of hon. members I think it is desirable that the accompanying schedule be put on Hansard so that hon. gentlemen will be able to review it before the bill is dealt with:

Works performed by the Interior Department

Alberta—Banff-Jasper Highway

Month	No. of men	Man days	Approximate cost
May	256	2,403	
June	513	10,768	
July	827	18,403	
August	622	13,997	$235,294
September	363	9,466	or average cost per
October	629	11,822	day $2.88 including
November	646	14,654	materials.
		81,513	

Alberta:—Banff-Waterton Lakes Parks—Elk Island—National Parks

November	165	1,843	$4,449 or average cost of $2·42 per day.

Saskatchewan:—Prince Albert National Park

November	295	4,730	$10,728 or average cost of $2.05 per day.

Manitoba:—Riding Mountain Park

October	201	2,734	$ 3,402
November	1,008	17,800	10,482
		20,534	$13,884 Or at an average cost of .68c.

In all parks in

December	2,958	60,924	$102,962 $1.67

In other words to December in all parks last fall, 169,544 days' work was given to needy men at an approximate cost of $367,317 or approximately $2.17 per day.

In all works in the national parks to the amount of $563,800 were authorized and up to date $411,205.20 has been expended.

In Alberta, in connection with the Banff-Waterton lakes park, Elk island, and national parks there was expended $4,449, at an average cost of $2.42 per day, the work being carried on during the month of November, and 165 men being employed. This amount provided 1,843 man days' works.

Mr. MACKENZIE KING: Is that $2.42 per man?

Mr. GORDON: That includes materials. In Saskatchewan in the Prince Albert national park in the month of November 295 men were employed, giving 4,730 man day's work at an approximate cost of $10,728. I am inclined to think that that is the exact figure. The average cost was $2.05 per day.

Mr. WOODSWORTH: Can the minister tell us how much of this actually went to the men? He has said that material is included.

Mr. GORDON: I shall take note of the hon. member's request; I think I can get the information. In Riding Mountain park, Mani-

toba, there were in October 201 men employed, and in November 1,008; a total of 20,534 man days' work at a cost of $13,884, or an average cost of 52 cents. In all parks in December there were 2,958 men employed, giving 60,924 man days' work at a cost of $102,962 or an average cost of $1.67. In other words, in all the parks last fall, 169,544 days' work were given to needy men at an approximate cost of $367,317, or $2.17 per day. In all works in the national parks $563,800 was authorized for payment, and up to date $411,205.20 has been been expended. In addition to that, work has been done in Manitoba in connection with the dykes along the Assiniboine river, and in that work $5,092 was expended.

It became apparent last fall that every possible avenue should be explored in order to find some method to take care of single homeless men, in addition to the policy and program I have just outlined. In this respect the government decided that the organization of the Department of National Defence might well be utilized in the construction of airway landing fields in connection with the Trans-Canada Airway. This program of works the government believed to be for the general advantage of Canada, and the men being under control and under discipline and living in clean and comfortable quarters, the government considered it desirable to utilize this machinery of government to take care of as many of these men as the work warranted. The general conditions provided were that the men and supervisory staffs would receive no pay, but would be housed, clothed, fed and cared for and be given a small cash allowance varying from 20 cents a day in the case of labourers to $60 per month in the case of foremen. It is estimated that for the period of one year the average total cost per person per day given relief, including the purchase of tools and materials for construction, and in certain cases land required, would not exceed more than a dollar. Eight hours work per day for six days a week would be required, with the exception that statutory holidays would be observed and Saturday afternoons used for recreation purposes and for the general cleaning up of the camps. Clothing, cooking utensils, camp equipment, blankets and so on, all on hand in the department and surplus to ordinary requirements of the department, would be made available, and the existing nation-wide organization for administration, purchase and issue of supplies, and accounting, would be used. No military discipline would be instituted. The personnel would remain civilian, and so long as they behaved themselves and observed the few simple rules designed in the interests and comfort of the majority, they would continue to be cared for. The personnel could be discharged by the officer in charge of a project for cause. No compulsion would be exercised on them to remain any longer than they wished, and every endeavour made to assist them to fit themselves for and to obtain remunerative employment. This work is still being carried on, and it is proposed that the works to be undertaken by the department as a measure for the relief of unemployment should not include the current works which would be undertaken in any event, but should anticipate by some years the execution of construction which was necessary and which had been planned. Only works with a relatively low cost for material and low maintenance charges would be included.

I have already laid upon the table of the house order in council dated October 8, 1932, authorizing works which it was decided best lent themselves to the scheme. It provided for the authorization of (1) placing some 2,000 men at work on the construction of intermediate landing fields on the Trans-Canada Airways; (2) repairs to the fortifications at Halifax and Quebec, the preservation of which was so desirable as national historic monuments; (3) the construction of air stations at Trenton and Rockcliffe.

This program has been slightly enlarged since then, and I have here a statement which I shall ask to have included in Hansard showing in detail the various works which have been initiated and are being carried out at the present time, the number of men employed, and the approximate expenditures that have been necessitated thereby.

National Defence Unemployment Relief Camps

Appendix "A"

Project	Location	Nature of work	Number employed					Man days worked				Total	Expenditure			
			Oct.	Nov.	Dec.	Jan.	Strength on 15-2-33	Oct.	Nov.	Dec.	Jan.		Nov.	Dec.	Jan.	Total
													$ cts	$ cts	$ cts.	$ cts.
1	Halifax, N.S.	Repairs to walls and roads at Citadel.	9	333	314	321	321	26	5,263	7,548	7,683	20,520	2,723 36	6,424 68	5,867 80	15,015 84
3	Fredericton Junction, N.B.	Clearing of Landing Field.	.....	.....	.....	4	7	.....	.....	.....	76	76	.....	.....	59 90	59 90
4	Upper Brockway, N.B.	Clearing of Landing Field.	.....	14	6	5	4	.....	64	202	123	389	.....	649 11	306 34	955 45
5	Megantic, P.Q.	" "	.....	.....	.....	15	23	.....	.....	.....	129	129	.....	.....	286 30	286 30
6	Bishop's Crossing	" "	.....	.....	10	23	23	.....	.....	70	477	547	.....	.....	315 26	315 26
7	Quebec, P.Q.	Repairs and salvage	.....	290	315	403	411	.....	5,221	8,034	9,024	22,279	5,085 67	4,913 77	4,804 11	14,803 55
9	Gillies, Ont.	Clearing of Landing Field.	.....	.....	53	55	54	.....	.....	851	1,400	2,251	17 50	168 07	2,795 38	2,980 95
12	Nakina, Ont.	" "	.....	.....	82	100	69	.....	.....	786	2,299	3,085	.....	200 30	2,079 15	2,279 45
15	Wagaming	" "	.....	.....	.....	102	86	.....	.....	.....	1,729	1,729	.....	.....	509 39	509 39
20	Lac du Bonnet, Man.	Grading Aerodrome	.....	.....	94	108	100	.....	.....	1,258	2,318	3,576	74 63	3,629 35	2,299 48	6,003 46
22	Yahk, B.C.	Clearing and grading of Landing Field.	.....	.....	.....	.....	5	.....	.....	.....	.....	.....	50 50	6 40	12 80	69 70
23	Kitchener, B.C.	" "	.....	.....	34	52	87	.....	.....	625	1,119	1,744	195 07	54 85	3,573 32	3,823 24
25	Princeton, B.C.	" "	.....	1	91	96	99	.....	2	1,577	2,473	4,052	57 50	2,468 50	3,774 15	6,300 15
27	Rockcliffe, Ont.	Erection of living quarters for relief personnel. Improvement Air Station.	29	48	53	111	158	29	1,025	1,346	2,711	5,111	810 00	3,474 78	1,491 93	5,776 71
28	Trenton, Ont.	Foundation for building development of sea-plane site and adjacent area.	.....	121	212	227	215	.....	1,006	5,114	4,728	10,848	1,706 04	1,337 79	4,787 72	7,831 55
29	Saint John, N.B.	Improvement of Airport	.....	.....	129	129	149	.....	.....	2,895	3,148	6,043	.....	612 62	2,337 73	2,950 35
30	Camp Borden, Ont.	Demolishing and clearing bush.	.....	.....	.....	231	225	.....	.....	.....	1,690	1,690	.....	.....	674 12	674 12
33	Long Branch, Ont.	Improving Rifle Range	.....	.....	.....	.....	41	.....	.....	.....	.....	.....	.....	.....	.....	.....
24	Salmo, B.C.	Clearing and grading Landing Field.	.....	.....	.....	.....	12	.....	.....	.....	.....	.....	.....	6 40	11 52	17 92
26	Flood, B.C.	" "	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	7 50	15 66	19 72	42 88
	Total		38	807	1,393	1,982	2,089	55	12,581	30,306	41,127	80,069				
									C-7 Clothing			.....	1,956 79	7,734 97	4,959 58	14,651 34
									D. Tool and Equipment			.....	2,473 21	2,271 93	3,103 84	7,848 98
											Total	.....	15,157 77	33,969 18	44,069 54	93,196 49

To summarize, I might say that in addition to the repairs to the fortifications at Halifax and Quebec there are eighteen camps at present in operation in the provinces of New Brunswick, Quebec, Ontario, Manitoba and British Columbia in connection with the landing fields on the Trans-Canada Airways. In the month of October thirty-eight men were employed to the extent of 55 man days; in November 807 men were employed to the extent of 12,581 man days; in December, 1,393 men were employed to a total of 30,306 man days; in January 1,982 men were employed to a total of 41,127 man days, or a total of 84,069 man days for the three months. The strength on the fifteenth of this month was 2,089.

The total expenditure to the end of January, covering the cost of materials, purchase of land where necessary, food, clothing, tools and equipment, equalled $93,196.49. These works necessitated an average expenditure per man of $1.10 per day. This figure per day does not include Sundays and half-holidays and days in hospital, precise figures of which are not available, but allowing for Sundays and a half day for Saturdays, the approximate total expenditure works out per man day of relief at 86 cents. The estimated total value of the work done to January 31, is $69,386.66, which does not include the costs incurred for temporary accommodation, purchase of land, and so on. As these charges are absorbed it is considered that the value of work done will considerably exceed the total cost.

Mr. WOODSWORTH: What is meant by these charges being absorbed?

Mr. GORDON: For instance, the total amount spent is $93,196.49. We estimate that the value of the work, as a work, is $69,000. The land we believe is worth a considerable sum of money, and probably will be worth more. Add to that the value of the work, and the whole value will equal or probably exceed the actual expenditure.

I have had occasion to visit some of these camps, and I do not think anyone need be at all concerned about the discipline, the cleanliness and the general atmosphere in the camps. The men, of course, are not getting very much in the way of cash, but they are getting fine shelter, good food, good clothing, and they are working, working splendidly and looking forward to the time when they can be absorbed in normal vocations. There has been very little in the way of sickness in any of these camps.

I should like shortly to summarize the activities under the 1932 act: First, a back to the land movement has been initiated and has met with encouraging cooperation on the part of the provinces and the larger municipalities. A very definite start has been made, 1,651 families with 6,906 dependents have already been approved and placed on farms. This in my judgment warrants the belief that the whole quota of 6,923 families for whose settlement provision has been made will be placed on farms before March 31, 1934, at which date our agreement with the provinces expires. The dominion has authorized a contribution of $1,383,675 as a non-recoverable grant to settlers, to which the provinces and municipalities make contributions in like amount, making a total of $4,151,025 available to finance the scheme. To date there has been expended by the dominion $478,126.47.

Second, the interior department have supervised works in the national parks and on the Banff-Jasper highway in Alberta and British Columbia through the summer and fall months when such work can be usefully done. This has resulted in 169,544 man days employment being supplied to needy men at a cost of roughly $367,317 to December 31st.

Third, the Department of Public Works in cooperation with the provincial government has completed a small work in flood prevention on the Assiniboine river in Manitoba, to which the federal government's contribution was $5,092.

Fourth, a small sum of $3,000 was expended through the Department of Agriculture in fitting up some boats to assist in better export facilities for live cattle to Great Britain.

Fifth, under the department of National Defence useful works which ordinarily would probably not be undertaken for a few years, but works which it is desirable in the public interest to have done without delay, have been commenced on the landing fields in the trans-Canada airway and elsewhere.

Sixth, direct relief. The total of accounts paid or amounts credited to advances is $7,851,192.59. The cost of direct relief has, in the main been, as hitherto, shared equally by the municipality, the province and the dominion. In a few cases where the province has established the fact that the municipality was unable to assume its full share of 33⅓ per cent this has been reduced to such a proportion as, in the judgment of the province and the dominion, the municipality could assume; the balance has been shared equally by the province and dominion. This principle applies also in unorganized districts where the province and the dominion divide the total cost equally between the two governments. In the four western provinces the dominion has, during the fall and winter, been assuming 100 per cent of

the cost of direct relief to single homeless unemployed persons.

Administration of relief to those in need in a country such as Canada, whose constitution is a federal and not a legislative union, presents very many difficulties. Difficulties from other angles are encountered by the provinces and the municipalities, but it is gratifying to note that the expenses of providing for those in want have been rapidly decreasing, and that the amount spent by the dominion for relief purposes during the fiscal year 1931-32 amounted to the rather alarming figure of $41,500,000, and this figure may yet reach $45,600,000 if commitments which have been made regarding works are fulfilled. During the present fiscal year, by reason of the change of policy which took place after the conference with the provincial representatives in April last, and by reason of the better organization which resulted from experience obtained by municipalities and provinces during the two previous years' administration, we anticipate that the total federal expenditure for relief purposes will not exceed $25,000,000, and will probably be less. The total to date of accounts paid and of credits against advances amounts to $11,207,874.72. But, as previously explained, accounts are usually slow in reaching Ottawa, and this probably only represents expenditures up to a month or two ago.

I am firmly of the belief, and I believe the people of this country are steadily growing to believe, that the individual himself is learning that he must not rely too much upon the state; that in a country such as we have, individuals must be individualists, and take advantage of the opportunities that are theirs. I am well aware that for many reasons it is difficult for men engaged in certain vocations, who have their homes established in the urban centres, to take advantage of the opportunities that a great country like Canada affords. But I am confident, having regard to the experience in the administration of relief to the needy during the past twelve months, that the individual is becoming increasingly active to take advantage of such opportunities as there are to make himself self-sustaining. I sometimes wonder if one can draw the line between the responsibility of the state and the responsibility of the individual. Some people advocate destroying individualism, turning everything into system. They advocate mass men rather than individual men. I am not prepared to subscribe to that doctrine. And while in certain parts of Canada to-day things are not at all normal as far as the life of the Canadian people is concerned, and their ability to earn money, yet in many parts of Canada the business of the country is advancing—I could name parts of Canada where it is—and I am confident that the future holds for the people of this country the promise of better times and the opportunity to sustain themselves. Certainly when you find the direct relief to those who are needy and are practically indigent falling from $46,000,000 down to less than $25,000,000, even though the number receiving relief for the varying periods has increased, it is a hopeful sign which I think will be gratifying to the taxpayers of the country, notwithstanding that it may be said that the reduction is due largely to better organization, because no province and no municipality in the dominion, at the outset in 1930, was equipped or organized to take care of the situation which was then upon us. But each succeeding month I believe is teaching the lesson of economy with respect to the administration of the moneys which are being subscribed by the taxpayers to take care of their less fortunate fellow citizens, and I have myself a confident belief that with the gradual turn towards other vocations than those which have afforded a certain sense of security to our people in the past, and better business conditions, it will not be too long delayed when the granting of direct relief to our citizens will disappear.

Mr. WOODSWORTH: May I ask the number now on unemployment relief in Canada?

Mr. GORDON: The last month for which I have any return is January. I have the total number of men, women and children receiving relief, including all those who in normal times are given relief, because we can all feel assured that all these people are receiving relief, and that number,—it is for varying periods—is 1,357,562. That includes all those classes for varying periods of time. It is represented by 252,000 heads of families.

Mr. POULIOT: Does that include all unemployed?

Mr. DEPUTY SPEAKER: All such questions can be properly asked in committee.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I am pleased to see that in one particular at least the protests which in previous sessions have been made from this side of the house have had some effect. I must commend the minister for having brought in his proposed legislation at least before the end of the fiscal year, thereby affording the house an opportunity of discussing, at greater length than has been possible in any previous session of

this parliament, the all important question of the relief of unemployment. In order that the house may not forget the importance of the question, which continues to be the most important in Canada, may I remind hon. members that this administration owes its present position in office to the fact that it undertook, if returned to power, to end unemployment, and to end it immediately. Hon. gentlemen opposite are in power to-day as a government which was pledged to end unemployment in Canada, and to do so expeditiously. That pledge was given nearly three years ago.

The Minister of Labour this evening has given us what at the outset he described as a picture of what is being done by the government of which he is a member and other governments in Canada in the relief of unemployment. It has been a long and comprehensive survey. I do not know what impression the picture has left in the minister's own mind, or on the minds of other hon. gentlemen who have listened to him, but I must confess that the impression it made on mine was much the same as one that might be derived from reading through the Canadian Almanac, going through the Auditor General's Report, or perusing the Statistical Year Book. I fail to see in all the minister said to-night anything suggestive of unity, any outstanding lines of clearly defined policy, or any central principle on which the government has proceeded in dealing with the great question of unemployment in Canada. As I listened to the minister detailing his verbal picture, it seemed to me as he mentioned one subject after another, that it resembled nothing quite so much as a jig-saw puzzle, the different parts of which it would require no little time to bring together.

Mr. GORDON: What is a jig-saw puzzle?

Mr. MACKENZIE KING: We have just had one from the minister.

Mr. BELL (Hamilton): The only thing the opposition has to work with.

Mr. MACKENZIE KING: The minister endeavoured to give us a comprehensive idea of what the government has been doing, but, as I have said, he mentioned so many individual parts and pieces wholly unrelated to any general scheme that hon. members themselves will have to piece them together in order to make, if that is possible at all, a coherent whole out of what has been said. May I recall what the minister himself disclosed. He spoke first of all of work that was being carried on under a policy of construction of public works. That was the policy with which the government set out in meeting the unemployment situation, a contribution to assist provinces and municipalities in construction work. But, before the minister had got very far along in his description, he told us that the government had abandoned the policy of contributing money towards work of construction, and was now contributing money only or mainly for purposes of direct relief. As he proceeded farther, he came back once more to where certain departments of the federal government were carrying on works of their own and where public moneys were being spent for construction as a means of affording work. But he had not dealt with that for more than a few moments when he began to speak of board camps where men were getting subsistence and a little cash, were being looked after by direct amounts out of the federal treasury not receiving wages but something in the nature of an allowance. Here the minister described the care of single homeless men by the federal government only, then the placement of unemployed families on lands, taking the unemployed away from the cities to the country, and repatriation schemes in which provinces and municipalities assisted. The point I wish to bring out is that one could not gather, in listening to the minister, any principle upon which the government has been proceeding in the matter of unemployment relief.

Let me illustrate further. The minister told us at one stage the Canadian Pacific railway shops had closed down and that the government had found it advisable to advance money to the Canadian Pacific to help the company to reopen its shops. I noticed in a newspaper of recent date that the Canadian Pacific Railway has been advancing money to railroads in the United States to help them in that country. I do not know whether they have been able to make advances to the roads in the United States allied to theirs, out of the advances this government has made to them, but it is perfectly plain that it is all part of the same scheme to help in the relief of unemployment.

The minister told us also that moneys had been paid to help meet the excess cost of shipment of Nova Scotia coal; something for bonuses upon wheat; some money had been paid out here and there on road projects and on bits of highways; something had been done in the parks and for landing stations and so on; but in no way have these different efforts been correlated. None of them is a part of a comprehensive correlated unified plan. He

has told us that at one time and in one place the basis on which the government had proceeded was what he called a three way contribution. Then at another time or place it was a two way or equal contribution, and then again it was a one way contribution. Apparently there has been no principle upon which to determine which method was to be the governing one. The minister spoke also of some of these moneys having gone to the provinces as contributions, as direct payments, some as loans, some as advances and some in the form of bonuses. Some of these advances or loans had been made to provinces, others to select commissions, others to farmers. Some had been repaid, some might be repaid, some might never be repaid, again, no underlying governing principle with respect to the way in which public funds were being loaned or spent. The minister spoke also of the construction of dykes, of flood prevention works, of airway landing fields and numerous other projects. All of these may have been worthy enough undertakings, but, presented as they were by the minister, they left on one's mind an impression that what the government has done has been done in a haphazard spasmodic sort of fashion, that it has dealt with one project in one province at one particular time and with another project in another province at another particular time. There has been no basis which would be applicable equally to the different provinces. Everything has depended very much upon fortuitous circumstances, and upon just what presure may have been brought to bear upon the administration from place to place and time to time.

Mr. GORDON: That is not fair; it was dependent upon the need.

An hon. MEMBER: Expediency.

Mr. MACKENZIE KING: I am simply giving the impression of the government's action which the minister's description has left upon my mind. If there ever was justification for believing that the policy urged by the opposition upon the administration at the outset was the right and only policy for dealing with the problem of unemployment relief, it will be found in what the minister has said to the house to-night. My hon. friend will recall that, when we met for the special session of 1930 which was called to deal with the question of unemployment, it was stated from this side of the house by myself as leader of my party that we felt that what should be done by the government in attempting to deal with the unemployment problem was to appoint a representative, non-partisan commission which would take in hand the question of unemployment relief as a great national question and deal with it in much the same fashion as the government of the day dealt with the question of caring for the families of the men who went overseas during the period of the war. At the time of the great war there was created by legislation at the instance of the government of the day what was known as the national patriotic fund, the national executive of which had its headquarters here at Ottawa. This was a federal body which had to do with the expenditure of moneys for the purpose of caring for the families of the men who were overseas. The federal government, the governments of provinces, of municipalities, individual societies and individual citizens contributed to that fund; all the money went into a common chest, so to speak, and the work was supervised and the accounts were properly audited and checked so that there was no overlapping or waste. That was a federal government plan to administer what was to all intents and purposes a work similar to the unemployment relief of the present time. We urged in 1930 that a similar course should be taken by the government. Had it been taken, we would not to-night have had the kind of picture the minister has given of spasmodic and sporadic relief with no central or guiding principle, at best a picture of a chaotic situation. We would have been given a careful statement from the executive of this national body as to how the public moneys from all sources had been expended in an endeavour to meet this great problem of unemployment and in carrying out the administration of unemployment relief.

A body of the kind I have described would have had some basic principles upon which it would have proceeded. For example, it would have sought first of all to provide work wherever possible, rather than simply to give direct relief. It would have endeavoured to correlate the activities of all agencies interested in unemployment relief. My hon. friend will recall that we suggested that there should be, upon such a commission, or board, representatives not only of the federal and provincial governments and the municipalities, but also of the great railway systems, representatives of such prominent organizations as the Red Cross, the Salvation Army, the National Council of Women, as well as representatives of the manufacturers' association, agricultural societies, the trade unions and the chambers of commerce. All of these bodies are vitally interested in the matter of preventing as well as relieving unemployment, and some of their members have very special knowledge of what would be necessary in

connection with the work of an organization of this kind. Many of these organizations have attached to them experts who could advise upon the best methods of administering relief.

The minister stated this evening that, in connection with the western provinces, commissions had been formed composed of public spirited men and women who were carrying on the relief work. Cannot public spirited men and women be found in sufficient numbers to serve on a national commission? I think he said commissions had been appointed in the provinces of Manitoba, Saskatchewan, Alberta and British Columbia. These commissions have come into being quite recently. The government borrowed a doctor from the Canadian Pacific Railway, we were told, to help form the commissions. Had the plan suggested by the opposition at the outset been followed, there would have been one national commission under which could have been organized provincial commissions, not only in four provinces but in all provinces. These provincial commissions would have had under their direction bodies in the different municipalities which would have been responsible for the more immediate local organization. All agencies would have been knit together in one comprehensive, constructive and highly organized scheme of unemployment relief. The problem would have been tackled in a manner which would have avoided overlapping, and which would have resulted in the minister being able to present to parliament, not merely a story of the amounts of money that have been spent, but a very comprehensive story of what had been permanently achieved in the way of providing work, work of necessary construction of one kind and another. There would have been, too, a fund of information and knowledge, available for the present and future.

The policy of having a representative national committee is one which was urged by the opposition, not only at the outset, but one which has been urged each year and every session since. I still urge this policy upon the government. I think the government ought even yet to form such a commission. In his concluding remarks, the minister said that one of the things the government had discovered was that neither it nor the provinces nor the municipalities were organized for work of this kind; that is exactly what we said would be found. The minister added that little by little all had become more familiar with what was necessary and were now in better shape. I would suggest to the minister that he take out of these quasi-organized groups the best persons that can be found and bring them together on a national board which will have to do with the supervision of this vast expenditure of public moneys, and also for devising some comprehensive, correlated national scheme of unemployment relief. Let that board be responsible for submitting to this parliament a comprehensive statement of what is being done in Canada from coast to coast by all bodies having to do with relief; and what it recommends should be done; and let its recommendations be discussed in this parliament.

Unemployment to-day is worse than it has been at any time. At each session we have had our attention drawn to the fact that conditions, instead of getting any better, have been getting steadily worse and worse. They will continue to get worse unless the government adopts the most enlightened means possible to help to meet the situation. I repeat that there could be no stronger argument for a policy for the administration of relief such as we on this side have been urging right along than what we have just listened to from the minister himself.

I know that the Prime Minister (Mr. Bennett) has said on more than one occasion that the provinces have to administer relief, that it is not for the federal government to do this work. I have replied to that by stating what is the fact, namely, that the federal government has the right to adopt any plan it pleases, and attach any condition it pleases, to the expenditure of its own moneys. I am not asking that the federal government should administer provincial or municipal relief, but I am asking that the federal government, when it takes from the pockets of the people millions of dollars in order to make a contribution out of their taxes for relief purposes, should at least assume the responsibility of supervising the entire scheme, particularly when unemployment has reached the proportions it has, and should, if at all possible, seek to make its plan of relief coherent as well as comprehensive.

The minister has drawn his picture of what the government is doing. When we come to view it closely, it will be found to be largely the story of the amounts of public money being expended. In its most important features that is about all that it comes to, an orgy of public expenditure. As a matter of fact the minister, in giving the facts to parliament, rather stressed the largeness of the sums of public money that were being paid out in different directions, as though simple largeness of amounts were wholly com-

mendable. I submit it might be commendable where every dollar can be satisfactorily accounted for, and where there is no danger or evidence of overlapping. However, the kind of thing which happened at Sturgeon Falls, and which the minister did not include in his picture, although it has been featured most prominently in the press in the last few months, does not seem to me to be a justification for governments administering public funds without rigid and careful supervision. The picture the minister has given is one of increasing expenditures. There is, however, something more unfortunate than that.

Mr. GORDON: It is not increasing; it is decreasing.

Mr. MACKENZIE KING: Well, any decrease is due to the fact that the government has stopped certain construction work, and thereby lessened employment, in other words, increased unemployment.

Mr. GORDON: The decrease my picture disclosed was the difference between $46,000,000 and less than $25,000,000, or a decrease of about fifty per cent.

Mr. MACKENZIE KING: On public works.

Mr. GORDON: Not at all.

Mr. MACKENZIE KING: May I draw attention to the fact that, in order to obtain a true picture of the situation, the figures given by the minister to-night must be studied in relation to the estimates placed upon the table of this house, as well as the estimates placed before different provincial bodies. Some estimates which ought to have been presented to parliament in the regular way under the estimates of the Department of Public Works, for example, and other departments, were not so presented, but moneys for the purpose of carrying on those works were spent out of the relief fund. Some works are now being paid for out of departmental appropriations that were formerly paid for out of relief moneys, or are not being undertaken at all. Therefore, I say that to study the whole picture it is necessary to see what now appears and what has previously appeared in the public estimates as well as what appears in the minister's statement.

But the all-important question is: Have the numbers of unemployed lessened in this country, have the policies of the ministry been of a nature to lessen unemployment? In order that the picture may be complete with respect to what is really taking place, may I read to the house what the Prime Minister said on September 10, 1930, in regard to the unemployment situation as it was then? That was shortly after the present government took office, and we were discussing the matter for the first time. The Prime Minister gave an estimate of the numbers of unemployed. I think my hon. friend the minister will agree that the Prime Minister did not minimize the numbers; he made them just as large as in the circumstances it was possible to do. This is what the Prime Minister said as reported at page 64 of Hansard of September 10, 1930:

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

The Prime Minister said:

> If the measures which we submit to the house are productive of the good which we anticipate.

Well, the ministry will hardly deny that they have had a perfectly free hand with respect to the measures which they wished to introduce; they have been allowed all the freedom which any ministry could possibly desire. What is the result? If we are to judge the fruits of their policies by the number of unemployed, the indictment against the government could hardly be stronger. What are the figures to-day? Are they 117,000? The minister has just given us a statement of the numbers that are receiving unemployment relief. He gave the figure as 1,357,262.

Mr. GORDON: Not unemployed.

Mr. MACKENZIE KING: No, but the numbers receiving relief. May I give the figures as to the number of unemployed as they have been given officially within the last month or two? A statement was given recently by the High Commissioner for Canada in London as to the number of unemployed in Canada. This statement was given out officially as representing the condition of unemployment in this country, and the figure given by the commissioner was that the total number of unemployed amounted to 800,000. That was the official count of the unemployed, and is I believe what the minister himself will give if he is asked for the number at the present unemployed. But that does not take account of many others who are unemployed, as the minister's figures do not give the total of those who are actually receiving direct relief. These 800,000 are men known to the government who are ready and

willing to work but who to-day cannot get work. They have their families and others depending upon them. The minister says that, when you add the additional figures, the total amounts to a little over one and one-third million. But I venture to say that, if the whole story were told, one would find the number much larger than that, because there is an honest poverty which hides its head, as the minister well knows, and the last thing sensitive self-respecting people are willing to admit to anybody, let alone to a government official, is that they are in need of relief. Therefore, we may depend upon it that those figures are the lowest at which the ministry could possibly place them and give a statement at all.

Mr. GORDON: That is hardly fair.

Mr. MACKENZIE KING: May I add further that these figures do not include the members of thousands of families on farms in this country who are trying to hold their own, but who, as a matter of fact, are running day after day more deeply into debt. If their circumstances were known, we would discover many of those even worse off than some who are altogether unemployed, because, working as hard as they can, they find to their great dismay that the burdens they are carrying in the form of mortgages, debts and the like, are only increasing month after month. I need not enlarge on the story; it is the saddest one in the record of our country, and everyone knows something of how serious the situation is. What I want to say to the minister is this, that knowing what I have said to be the case; knowing, for example, that in Toronto, as we have been told by the mayor of that city, one out of every five is on relief; knowing, as we have been told in this house this afternoon, that in this capital city one out of every six or seven is on relief in one way or another, that these instances are only typical, and that the situation as a whole at the present time is of the amazing proportions it is, does the minister think that the government is doing its duty by the country in leaving the whole administration of this great question in the hands of a single department presided over by a minister of the crown? I submit it is time the ministry realized that while there are some things they may be able to do, there are others they cannot do; that this question of unemployment has gone away beyond them, and that it is a duty which they owe to Canada to endeavour to surround themselves by experts who will be able to see that the situation is met in a way which will be more satisfactory than has been the case up to the present time.

What did the Prime Minister say as late as August, 1931, as to the policy which should govern? Speaking to the people of Canada, he did not hesitate to lay down a very definite policy. From Edmonton on August 26, 1931, he is reported in the Canadian press as follows:

> "There will be work for all who desire it," Mr. Bennett stated, and deplored the tendency of some to expect the state to provide them with a living in idleness.
>
> "It is the duty of every citizen to see that relief does not become dole, and that a dollar's worth of effort is received for every dollar spent," Mr. Bennett declared.

The ministry have completely repudiated that policy, if indeed they ever really held it. What my hon. friend is asking this house to do to-night is not to make provision for everyone to work, but to make provision for a still larger dole. That is the substance of the request he is making of this House of Commons to-night. There I say the ministry is quite wrong. The effort of the ministry should not be to encourage a system of doles, but to find work for those who are ready and willing to work.

The minister says that he does not know where to draw the line between the individual and the state. May I say that I think the place to draw the line is not so difficult to discover? Every man who is able to work should be willing to work. If he is not willing to work, he should not be entitled to consideration from any quarter. But, if a man is able and willing to work and cannot get work or find work, it seems to me that it is the state's business to endeavour to provide work for him and, if necessity demand it, to look after him until he does get work. Anything short of that signifies some mal-organization of the affairs of the state. You cannot admit for one minute that human society is fulfilling its obligations to its members if there are large numbers who are ready and willing to work and who are left to themselves to suffer when there is no work for them to do. It may not be possible to bring about the necessary change all at once. It may take time, but at least every effort should be made in that direction. The effort should not be in the direction of providing doles. It should be in the direction of seeking to provide work.

The statements in the minister's review were so given that I doubt if anyone could get very clearly in mind just what the total expenditures were amounting to, but may I give them as found in a statement by the ministry upon another occasion? The Secretary of State (Mr. Cahan) laid on the table of the house a few days ago a return in which was set forth the total moneys which had been

paid out in direct relief and in unemployment schemes by the federal government since August 7, 1930. The total of the figures there given is $71,316,596. Those are moneys which have been spent out of the federal treasury once and for all. But they are only a part of the money which the federal treasury has paid out, because the minister himself has given a statement in which he said that, in addition to moneys which have gone on direct relief and on certain unemployment schemes, the government has been advancing money to the provinces, some of which possibly will be repaid but some of which may never be repaid. Paid or repaid it will all come out of the pockets of the people in the form of taxes. Speaking in this house on November 25 last—I go back as far as that because it is the last quotation I have from the minister; if he has anything further to give I shall be glad to get it—he gave the house the following:

> In the four western provinces, either by way of direct non-recoverable advances or in recoverable loans, the Dominion government has supplied the sum of $73,844,130.98.
>
> For all of Canada this government has provided the sum of $115,631,733.80 up to date for the purpose of tiding the provinces, the municipalities and the people generally over this trying period.

One hundred and fifteen millions—and it will be considerably more than that at the present time; $115,000,000 is what this government had paid out to November last—$115,000,000 in less than two and a half years. And that does not include what the provinces and municipalities have paid out in addition. I wonder if hon. members have any appreciation of what that amount of money is in relation to the administration of the affairs of Canada as a whole. Prior to the year of the great war, the total expenditures of Canada out of consolidated account never equalled the amount of $115,000,000. In the fiscal year 1912-13, the total expenditure for the administration of all the affairs of Canada did not reach $113,000,000, that was much the largest total expenditure of any year up to that time, and yet this government in a little over two years has spent out on account of unemployment relief alone over $115,000,000. And the amount up to the present is very much larger.

Mr. GORDON: That includes loans to provinces.

Mr. MACKENZIE KING: Yes, but the minister says that many of them are not recoverable, and all of them relate to the general financial situation throughout Canada.

The point I wish to draw attention to is this, that all of that money has been obtained from this House of Commons by the ministry of the day, not as a result of estimates brought to parliament where the different projects on which it was proposed to expend public money could be carefully scrutinized, and where the entire scheme of expenditures could be reviewed by members coming from all parts of Canada with a view to seeing whether the proposed expenditures were justifiable or not, but, with the exception of the $20,000,000 which was appropriated in the first session of this parliament, all of this money has been obtained by blank cheque. In the first session, the ministry asked $20,000,000 from parliament to do with as they pleased in the matter of unemployment relief. They got that $20,000,000. The next session they came to parliament and asked, not for $20,000,000 or $50,000,00 or $100,000,000, or for an amount they were prepared to name, but for the right to spend by order in council whatever they wished to spend. From that time on, this parliament has been completely ignored, although the expenditures which the ministry has made out of the blank cheques they have secured have in a little over two years been the equivalent of the total expenditures of Canada in the year immediately preceding the great war. I say, Mr. Speaker, that that brings home, as perhaps nothing else could, the force of the argument which was urged so strenuously from this side of the house, that, in dealing with these great questions of public expenditure, no parliament, which cares a whit for the well-being of the people and for the taxation which the people are called upon to bear, can afford to part with its control over public expenditure; for, in so doing, it is parting with the control of parliament over taxation, which is parliament's supreme duty.

Hon. gentlemen opposite have compelled this House of Commons to surrender its right to control the expenditure of that vast sum of money, have compelled it, in fact, by use of the closure, and all that we have as a result is the picture, so called, which the minister has given us of the situation to-night. I say to the minister and to the government that they have in the most shameful way taken advantage of the very critical situation in this country to-day, to deprive parliament of its rights and of its duties and of its responsibilities. They have taken away the rights and responsibility of parliament, by taking unto themselves autocratic powers in dealing with public funds just in the way that most pleases themselves. I think the time has come again to call a halt to that sort

of thing. The minister to-night is asking us to do what? He asks us to repeat for another year this same method of dealing with the expenditure of public moneys. He asks us again, in the measure he is introducing, to give to the government the right to make for this next year whatever expenditures they please in as many directions as they please so long as they are prepared to allege that the expenditures are for the purposes of unemployment relief. They are unwilling to give to parliament in advance any detailed statement of the objects on which the moneys are to be spent, or to permit us to exercise the same control over expenditures for unemployment relief purposes as we continue to exercise in regard to all other expenditures out of the public treasury. I say that that is wrong, and that in the face of a statement such as has been given by the minister to-night, which discloses the colossal amounts these expenditures have reached, the ministry cannot expect those of us who wish to see parliament exercise the control which it should exercise over the expenditure of public moneys, support any measure which gives to them that blank cheque power for another year.

It may be that the ministry have no other policy, and that they will insist on having their way, but I tell them that they are digging their own graves in proceeding in that fashion because they are destroying what is fundamental in the control of public expenditures, and in the carrying on of responsible government in this country. I am not going to repeat the arguments I have made in previous years. They have been presented so often and so forcibly that hon. members must know them by heart.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: May I say that, if the "hear, hears" mean, as I assume they do, that what I am saying is perfectly true, they would seem to indicate how completely oblivious of their obligations to the people generally, and to the public welfare, hon. gentlemen opposite have become.

The measure the minister is introducing is but an effort on the part of the ministry to obtain another blank cheque from which to make expenditures in largest part for the purpose of the dole, and not for the purpose of providing work for the unemployed. The resolution before us is much broader than appears from its wording. In reality the measure asks us to give to the ministry power to make whatever agreements they please with the provinces. We are being asked to give that power without, in the first instance, having the agreements submitted to the house, and without knowing what their provisions contain. Then, it asks further that the ministry shall be free to use moneys as they please in connection with the national parks; in connection with the stricken areas of the different provinces; in defraying costs of the sale and distribution and production of the products of the field, farm, forest, sea, river and mine, and that the ministry shall be free to lend money to any province on such terms as may be agreed upon; to guarantee the repayment of moneys borrowed by such provinces; to assist any province in any way that may be deemed necessary or advisable in order to provide for the relief of distress and the support and maintenance of those requiring assistance; and to lend money to and guarantee the payment of money by any public corporation or undertaking. The minister has not told us very much to-night concerning the moneys spent to assist corporations. I hope however that, when we reach the committee stage on the bill, he will give us that information. I suggest to the minister that, when we reach the committee stage, he should have his deputies here, so that it will not be necessary for him to say that he will give us the information to-morrow or at some other time. We shall want full information before the bill is proceeded with. The minister has given us certain information, but he has not given us all we want. We should like to have full particulars.

I wish now to touch upon one other feature. The minister has made no allusion to any permanent measure to deal with future unemployment. The ministry has no policy with respect to unemployment as a national problem. Last session we were led to believe that the government might have something to offer by way of a policy of unemployment insurance. We have not had a word to-night from the minister concerning such a policy. For several days the following question has been standing on the order paper in the name of the hon. member for Comox-Alberni (Mr. Neill):

> Will the government be in a position at this session to bring down legislation dealing with unemployment insurance as referred to by the right honourable the premier, in debate in this house on November 22 last?

The government have not seen fit to answer that question. It was asked some time ago in the hope, I assume, we might have had the information when we came to discuss the resolution now before us. The fact that no

answer has been given makes it clear that the government has no policy in respect of unemployment insurance. If current rumour is true—and I think in this respect it is true—when the last dominion-provincial conference was held the government, which had announced to parliament in the early portion of the present session that it would discuss unemployment problems with the provinces, did not place before the provinces any proposals in that regard. I understand they asked the provinces to state their views, although they had called the provinces together among other things for the purpose of laying before them—at least, so we were led to believe—something in the nature of a national scheme of unemployment insurance. If I am misinformed in this connection, I hope the minister will correct me, because I think this House of Commons ought to know whether the government of the day made any proposal at the dominion-provincial conference, and, if so, what the proposal was. Hon. members are entitled to have that information.

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, 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.

In the remarks I read a few moments ago, the Prime Minister said that, by its policies, the government hoped to reduce the number of unemployed. If we are to test their policies by the numbers of unemployed we have to-day we must see how completely those policies have failed. I believe we cannot hope for much improvement, because the government's policies up to the moment have had the effect, and unless changed will continue to have the effect, of making trade more and more difficult, not only externally but internally.

I wish to repeat that unemployment, in my opinion, is Canada's most urgent national problem; that as a temporary measure to deal with the present emergent conditions the government should immediately adopt the policy of appointing a representative national commission which will have power to supervise all expenditures of money voted by this parliament for relief purposes, and which would cooperate with the provinces and municipalities in the administration of unemployment relief, and in an endeavour to provide work for the unemployed. It should do all that could be expected of a body of that nature to coordinate the efforts of all agencies, and to provide parliament with information which will be of service to it in meeting future similar situations. In his statement to-night, the minister has said nothing about plans for dealing with similar problems at another time. If there had been a national commission working during the last two and a half years, it would long ere this have been familiar with the situation from coast to coast in all its phases, and this parliament to-night, instead of looking at a picture which it is impossible to describe, would be debating concrete measures based on recommendations made by a competent body. To meet the very emergent and grave situation which exists I say the government ought still to appoint such a body, and appoint it immediately.

Then, as a permanent measure, I think the government ought immediately to announce to parliament its intention of introducing a national system of unemployment insurance. I say to hon. gentlemen opposite that a national system of unemployment insurance is the policy which the Liberal party in Canada stands for, and the policy which we intend to put into effect if at any time in the future we are again entrusted with office. We would precede that policy by policies which will serve to provide employment by reviving industry and trade. Should unemployment continue to be as it has been in the past, or is at the present, we would deal with such a situation through a representative national commission through which we would seek a mobilization of all the forces and agencies which it would be possible to bring into cooperation to provide work for the unemployed in as many directions as possible by direct employment on the part of employers, and as the result of such assistance as might be necessary on the part of municipal, provincial and federal bodies.

Again may I draw your attention, Mr. Speaker, to the necessity of the government exercising more in the way of supervision over moneys which are voted for unemployment relief, and of this House of Commons being given the right which parliament should have, and which has been taken from it, of controlling all expenditure on unemployment

relief account as well as on all other accounts before other millions of dollars are spent in the fashion in which the millions for unemployment relief on blank cheque account have already been spent.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I find myself very largely in agreement with the position taken by the right hon. leader of the opposition (Mr. Mackenzie King). There is one point that I wish to emphasize particularly, and that is the lack of any plan in the statement which the minister has made. We are asked to allow things to continue to drift just as they have been drifting in the past, simply meeting emergencies as they arise; there is no attempt to set forth any comprehensive scheme either for dealing with the unemployment that now exists or for lessening its volume. The volume of unemployment is beyond what any of us could conceive a very few years ago. The minister puts the number of unemployed under relief as 1,357,000.

Mr. GORDON: No, I do not put the unemployed at that.

Mr. WOODSWORTH: Those receiving unemployment relief.

Mr. GORDON: No, if I may interrupt; the number receiving relief from infants to old age—not unemployed. When you bring that term in it puts a different complexion on it.

Mr. WOODSWORTH: Well, those receiving relief. That means 13.5 per cent of our entire population, or 135 out of every 1,000. And I do not think that includes the relief given to pensioners, which is a very large amount and ought in all fairness to be given if we are to have a comprehensive picture of the situation. Large numbers of our pensioners are in receipt of relief. And may I point out that in a good many places there is quite a conflict of authority between the municipal authorities and the federal government with regard to the administration of this kind of relief. In some cases clothing is given, in others clothing is not given or not given in adequate amounts. In some cases fuel is given by the federal government, in some cases it is not given in adequate amounts. There is the case of children over sixteen, I think it is, who are living with their parents; no provision whatever is made by the federal government for those over-age children of pensioners receiving relief. My own city is so overburdened that it refuses to recognize them if they are living with their parents, so that there are large numbers in this category about which we have heard nothing to-night, who yet are in great distress. Then again very many are being assisted by private charity. In some provinces this rolls up to an enormous number. In addition we have those in private homes—large numbers of our young people who have never yet had a job, have had no opportunity of obtaining employment, but are simply living with their parents. In some cases these are young people who have married, and, unable to maintain their own homes, have come back and are living with their parents. We would have to add a very large number in order to get the real total.

Then again nothing has been said about the large numbers whom we have confessed ourselves unable to keep and have deported. People have been deported by the hundreds, by the thousands, for no other reason than that they had become public charges, were not able to make a living under the present circumstances; people who had been induced to come here from other countries and then when the depression came upon us found themselves, like so many Canadians, unable to make a living. I am not blaming the federal government entirely for their deportation, although it is officially responsible, but I would point out that the municipalities have very often found themselves heavily burdened in keeping these people and have urged their deportation. But we should take this very large class into consideration. We spent millions of dollars in inducing them to come here, and now we are doing ourselves millions of dollars of harm in deporting them to other countries, trying to get rid of the responsibility that really is ours. And if you are to give any real indication of the far reaching result of unemployment I think you will have to add a considerable number of those who to-day are in our goals and penitentiaries. Undoubtedly the crime wave has risen with increasing unemployment; people have not been able to withstand the temptation to steal or to get into some other kind of trouble, and so to-day are making it necessary for us to enlarge our gaols and penitentiaries. The number thus on relief is simply enormous. The problem is no doubt one of the greatest problems that faces Canada.

It may be thought by some that there is a little improvement, since the minister is telling us that the costs are being reduced. I suppose almost anything that will lighten the load of the taxpayer is a good thing, but we have to ask, how are these costs being reduced? The minister suggests that it is

done partly by more efficient organization. So far so good. But I suggest that in a very great number of cases it is being brought about by reducing the schedules of relief. Case after case comes to me, as I have no doubt they do to other members, of complaints along this line. As a matter of fact, instead of the scales of relief being reduced they should be increased in these times; because two or three years ago almost every family had stocks of bedding and clothing and household utensils. Now these have been very largely depleted, and there is no way of renewing them; the ordinary scale of relief in most of our cities and throughout most of the provinces does not cover the items of this kind.

I think I am not going out of my way when I compare these reductions with other public expenditures. We are not reducing the interest on our bonded indebtedness; we are trying to pay that one hundred per cent, but we are cutting down the amounts being paid in relief, and we are forcing the poorest of the poor to bear the dead weight of the depression. It is not fair to that very large group of our citizens.

Another statement of the minister I confess rather perturbs me. Speaking of the management of some of these camps, he says that the real value of the work will equal or exceed the cost. I cannot think that that is just the right principle. As a taxpayer I am undoubtedly concerned in keeping the costs as low as possible. On the other hand I do not believe it is fair for us to take advantage of the hard times to force people to work at a ridiculously low rate and then have the whole community benefit by it. The minister was not able to tell me the amounts received by each individual man; the amounts he gave were those paid to the individual plus the cost of materials used. Even those figures are not large. But I would point out that the ordinary working man under relief is getting a very small amount in these camps. I think it is five dollars a month in most camps.

Mr. GORDON: In the airways it is 20 cents a day, plus shelter, clothing, food and all the necessities of life.

Mr. WOODSWORTH: That is a little higher than it is in the other camps. I think in some of the construction camps it is $5 a month.

Mr. HEENAN: Ten dollars.

Mr. WOODSWORTH: In some cases there is an arrangement that when no clothing is included an allowance shall be made.

[Mr. Woodsworth.]

Mr. GORDON: In the camps where the man gets $10 he provides his own clothing.

Mr. WOODSWORTH: Yes; and if he receives $5 he is supplied with clothing. But whether it is $5 with clothing or $10 without clothing it is a ridiculously small sum for men to receive even if they are on relief, and I do not like the idea of our exploiting these men and engaging them in these works at rates below the real value of their work to the community.

Some good work has been done, according to the report, in placing men on farms, but the number so placed is comparatively small and the alleviation of the problem in this respect is more or less temporary. I cannot think that it is any real solution or points the way to any real or general solution of the problem. As to the landing fields, I am not quite sure just when the policy of having landing fields across this country was decided upon. That is a policy that should come before parliament; for undoubtedly it looks in the direction of a new method of preparation for war in the years to come. Further than that, I want to protest against putting these men under anything like military discipline, even though it may be true that they are not drilled.

Mr. GORDON: So that the hon. member will not suffer so much, I would ask him to go to the Rockcliffe air field and see the conditions under which the men are working there. If he does, his mind will be disabused of any idea that preparations are being made for war.

Mr. WOODSWORTH: I may be permitted to maintain my own opinions with regard to the reasons why the air service has been so bonused in the past. With regard to this matter there are certain sources of information that are open to almost all members and we all know something of the ideals which have been put forward by certain men in imperial councils with regard to the necessity of steadily maintaining an air force in case of contingency; and I would simply express my own belief that that is one step towards the general scheme of making more adequate preparation along that line for any war that might come in the future.

Mr. HANSON (York-Sunbury): Ask the hon. member for Shelburne-Yarmouth what he thinks about that.

Mr. WOODSWORTH: I am not concerned with his opinion.

Mr. GOTT: Why is the hon. gentleman always thinking about war?

Mr. WOODSWORTH: I do not like the fact that these men are placed under military discipline.

Mr. SUTHERLAND: They are not under military discipline.

Mr. HANSON (York-Sunbury): The hon. gentleman has more misinformation to the square mile than any man in Canada.

Mr. WOODSWORTH: I do not suggest that the men are under drill but I do suggest, from the minister's own statement, that they are under the control of military officials and that one of the reasons for this is in order that discipline shall be maintained.

Mr. GORDON: That is not what I said at all.

Mr. HANSON (York-Sunbury): Law and order—you don't believe in that.

Mr. WOODSWORTH: No, I don't—

Mr. HANSON (York-Sunbury): That's right; I agree with you.

Mr. WOODSWORTH: Let me finish. I believe that the fact that civilians are in distress is no reason for either forcing them or inducing them to come under anything like military control.

Mr. GORDON: I made it very clear that there was no compulsion whatever with respect to these men, and I do again extend an invitation to the hon. member to go to any one of the airways camps, visit the men there and see for himself, and he will not feel so badly.

Mr. WOODSWORTH: It is clear from the minister's statement that this particular relief work is under the Department of National Defence, that officers are in charge, and that these men come under certain discipline while in camp.

Mr. BURY: May I ask the hon. gentleman a question?

Mr. HANSON (York-Sunbury): Don't make so many misstatements.

Mr. BURY: Suppose the military authorities in a certain camp employed direct relief labour to put a road through their camp. Would the hon. gentleman suggest that the workmen on the road were under military discipline in the sense that he implies?

Mr. WOODSWORTH: The hon. gentleman may decide that question for himself.

Mr. BURY: I am asking you to decide it.

Mr. WOODSWORTH: I am not deciding it. I am criticizing an arrangement of the minister.

Mr. BURY: An honest argument would force you to.

Some hon. MEMBERS: Order.

Mr. HANSON (York-Sunbury): Don't be so solicitous of him over there. Peace, order and good government—he doesn't know the first thing about it.

Mr. WOODSWORTH: If this is what we call parliamentary decorum then, even for a Friday evening, it is not such as is usually regarded by the public as very desirable.

Mr. MORAND: It shows the value of discipline.

Mr. WOODSWORTH: The minister has suggested that costs are being reduced. May I point out that although that may be a saving immediately to the Dominion government it is not a solution of the problem of unemployment. There is no doubt whatever that a good many of our provinces are on the verge of bankruptcy. According to the statement made to-day my own province of Manitoba has not been keeping up its share of relief, and that has meant in a good many municipalities a very great deal of distress. It is only within the last few days that the city of Vancouver has been compelled to make the most rigid retrenchments, and that again has reflected itself in the treatment which is being accorded the unemployed in that city. I have had within the last few days from almost every part of Canada communications that indicate that there is still a very great deal of distress, notwithstanding the enormous amounts that are to-day being spent on relief. Let me go to the far east. Only within the last day or two I received a communication from the united steel workers' organization of Sydney, Nova Scotia, in which information is given that in a city of 23,000 over 2,000 families are on relief and about 200 single men, that the steel plant is entirely closed down and that the relief given in Sydney is as follows: A man or woman $1 a week; a family of two, $2; a family of three and four, $3; a family of five, $4; a family of six and seven, $5; a family of eight and nine, $6; a family of over nine, $7. These are the rates per week. It is further stated that the single men and women, besides being asked to live on one dollar a week, are forced to submit to the indignity of being compelled to carry this dollar's worth of groceries in a bag on their backs from the relief station through the streets to their homes.

Mr. HANSON (York-Sunbury): They should have free delivery.

Mr. WOODSWORTH: The hon. gentleman may make light of this kind of thing but—

Mr. HANSON (York-Sunbury): Didn't you ever carry your groceries home? I have lots of times.

Mr. WOODSWORTH: Some men may make light of the whole performance—

Mr. MORAND: Stick to the argument; don't broaden your base.

Mr. WOODSWORTH: In some cases, it is said, old men up to seventy-eight years of age are compelled to work for their relief and numerous cases have come under notice where men are compelled to work in cold weather without underwear or socks.

Mr. GOTT: They should be drawing old age pensions if they are over seventy.

Mr. WOODSWORTH: The communication goes on to say that in some cases men in advanced stages of tuberculosis are being denied medical treatment and are being forced to work for their relief. I quote:

> Everyone in receipt of relief is compelled to work for the city at thirty-five cents an hour until the amount of their relief is worked out. The only necessities that are supplied on these relief orders are groceries and fuel and the amount of coal that is allowed for a family—

The communication continues:

> There has been no provision made whatever for the supplying of clothing, shoes, medicine, medical services, bedclothing, et cetera, and although we have continually pressed for these things to the city authorities, we have been told by them that the money allocated for relief by the government could not be used for the purchase of these things.

This organization made a partial survey of the district and the following conditions were found in connection with the first 209 families visited:

Total number receiving relief.. ..	1,260
Children going to school..	280
Children kept from school for lack of clothing..	100
Number in these homes badly in need of clothing..	207
Number of families badly in need of bedclothes..	188
Total amount of relief received by the above 209 families per week.	$832
Average per family, per week.. ..	3 84
Average per person, per week....	0 66
Average per person, per meal.. ..	0 3¼

I do not know whether some of the hon. gentlemen who laugh and talk have ever lived on three and one-seventh cents per meal. The letter continues:

> At the last meeting of the city council held on February 16, the council decided to suspend all relief work for the month of March.

Mr. YOUNG: Who makes that report?

Mr. WOODSWORTH: It was sent to me by the united steelworkers' organization of Sydney, Nova Scotia.

Mr. HANSON York-Sunbury): Have you verified it?

Mr. WOODSWORTH: No.

Mr. HANSON York-Sunbury): But you put it out as the gospel truth.

Mr. WOODSWORTH: It is signed by M. A. MacKenzie, president, and Joseph Murphy, secretary.

An hon. MEMBER: Did you write and ask for it?

Mr. WOODSWORTH: No, I did not write and ask for it. Are there any more questions?

May I suggest that to a greater or lesser degree this is the position in which thousands of our fellow citizens find themselves to-day. Just before I left my own city to come to Ottawa I was asked to go down to the medical arts building to meet some of the doctors of the city who wished to emphasize the necessity of medical attention being given as a part of relief. There is no doubt that the medical men are giving an immense amount of free service; that is perhaps their duty and responsibility at this time, but this thing has increased to such a volume that it is now utterly impossible for them to cope with it. Many of the younger doctors are simply swamped with this kind of practice. We have admitted the necessity of giving to the people in distress a certain amount of food, clothing, fuel and shelter; it seems to me that it is necessary that we should go a little further and admit frankly the necessity of medical service.

Mr. SUTHERLAND: Medical service is given in the province of Ontario.

Mr. HANSON (York-Sunbury): My city gives medical service.

Mr. MacMILLAN: It is given in Saskatchewan.

Mr. HANSON (York-Sunbury): It is given free in my city.

Mr. DEPUTY SPEAKER: While an hon. member is still on his feet I do not think it is in order for hon. members to interrupt him,

Mr. WOODSWORTH: Thank you, Mr. Speaker.

Mr. SUTHERLAND: The hon. member is making an absolute misstatement when he says that the sick are not getting relief.

Mr. WOODSWORTH: I did not make that statement.

Mr. SUTHERLAND: The province of Ontario is taking care of every person who is suffering.

Mr. WOODSWORTH: I made no such statement as the Minister of National Defence (Mr. Sutherland) is suggesting.

I am trying to say that the need for free medical attention is becoming so great that it is getting beyond the capacity of our local agencies. I am urging that it should be recognized as being just as much a charge as food, clothing, fuel or shelter.

Mr. HANSON (York-Sunbury): It is.

Mr. WOODSWORTH: It is not recognized by the Dominion government. This government gives approximately one-third of the cost of food, clothing and shelter, but makes no provision whatever for medical services. It may be that in the constituencies represented by some hon. members there is so little poverty that the local people are able to take care of it, but I know that in my own city such is not the case. We are more or less the distributing centre for the whole west and we have been very hard hit by this depression. Under the circumstances we have possibly an exceptional load to carry. I know of only one other city that is in anything like a similar position, that is the city of Vancouver. In these cities it is becoming next to impossible for the local agencies to carry the whole burden, and the point I am trying to make is that the Dominion government should assume a share of this kind of relief. As long as relief was thought to be a temporary matter, as long as it was hoped that prosperity was around the corner, the people could endure things for a little while and in some cases defer medical attention for a few weeks or months, but the situation has extended to such a length as to become very serious.

There is another question which has not been touched, the young people of this country. I am told that something like 100,000 young people are leaving our public and high schools and colleges each year to enter the industrial field. Very few can be absorbed, and it seems to me that if there is to be no general scheme under which unemployment may be lessened, then the least we can do is to adopt some plan such as we had during the war and provide for the continued education of these people. We should arrange for their attendance at night schools, at manual training schools, and so on, so that they will not be forced to drift on the streets. There are some here who will say that education is purely a provincial matter; others may say that in their localities the schools are looking after these young people. That may be, but I submit that right across this country there are many localities in which the schools are not able to take care of even their regular work, much less provide for the young people who have no opportunity of employment. I place this matter before the house not as a question of regular education which must be carried on but as a relief measure which should be adopted immediately so that instead of our boys becoming bandits, as we were told the other day was the case by the Minister of Justice (Mr. Guthrie), and being forced into the penitentiaries, we could either provide them with steady work or make special provisions so that they may be saved from a life of complete idleness and possible criminality.

I should like to take exception to the closing words of the minister. He suggested that we must not rely too much upon the state, that the unemployed should take advantage of the opportunities open to them. Everyone will admit that people should take advantage of the opportunities open to them, but the fact is that hundreds of thousands of these people have no opportunities open to them. There is no doubt of that, there are no opportunities open. It is almost adding insult to injury to lecture these people and suggest to them that if they only had a little more initiative they would get out and find work.

Mr. GORDON: Mr. Speaker, I think I have a right—

Mr. WOODSWORTH: Mr. Speaker—

Mr. GORDON: —to deny ever having said what the hon. gentleman has just stated I did say. I never lectured anybody.

Some hon. MEMBERS: Make him withdraw.

Mr. WOODSWORTH: I have nothing to withdraw.

Mr. GORDON: I do not care whether the hon. member withdraws the statement or not; I never said it.

Mr. WOODSWORTH: The minister said that we must not rely too much on the state, but that people should take advantage of the opportunities open to them.

Mr. GORDON: But I did not say what the hon. member added to that.

Mr. WOODSWORTH: I am not suggesting that the minister did. But what I do suggest is this, that there are hundreds of thousands who to-day have no opportunity to get work. I repeat: It strikes me as almost adding insult to injury when the minister proceeds to give vent to some pious phrases about its being too bad that people rely too much upon the state, the implication being that they would not thus develop their own private initiative.

Mr. HANSON (York-Sunbury): Haywire.

Mr. WOODSWORTH: Somebody says "haywire," and others say: "Do not let him get away with that sort of thing." I want to give some more "haywire" given by the Prime Minister (Mr. Bennett) at Calgary on June 12, 1930, nearly three years ago. At that time the right hon. gentleman, who is now Prime Minister and who was then seeking to become one, said:

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

That is haywire now; it is haywire when it is uttered by a private member of the opposition, but I do not know whether it was haywire when it was given in Calgary by a gentleman who was seeking to attain office. I am inclined to think it is true that:

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

Mr. MORAND: How about other countries?

Mr. WOODSWORTH: Never mind other countries; I shall come to that presently. The Prime Minister came to that. He went on to say:

Law and order must be maintained. Men and women must not starve. Mothers must have clothes.

There are thousands of them who have not.

Mr. GORDON: That is not correct.

Mr. WOODSWORTH: It is correct.

Mr. GORDON: No, it is not.

Mr. WOODSWORTH: The Prime Minister continues:

Children cannot be subjected to the rigours of this climate unless properly cared for.
Voice: "Thousands are starving now."
Mr. Bennett: I am sorry to hear any are starving, sorrier than I can tell. I am not for a single moment endeavouring to make political capital out of it, but I am bound as a public man who may have to accept great responsibilities with respect to government to say to the people of Canada that this is a blot worthy of the condemnation of any government responsible for it, and, men and women, I propose to remedy this.

Further on he said:

I realize that this country is now living in the month of June (1930)—

That is almost three years ago, may I interject.

—and unemployment in every part of the country is not decreasing as it should.

Is it decreasing to-day? It is increasing steadily.

There are men and women without food in Canada—

The Prime Minister said that. Haywire again!

There are men and women without food in Canada to properly sustain life and someone says it is just as bad in some other country.

An hon. gentleman across the floor suggested another country. The Prime Minister said this, and may I adopt his words:

My duty is to my native land, this dominion.

It is always a favourite practice to try to draw a red herring across the trail by referring to some other country. The present Prime Minister in those days refused to be diverted, and quite rightly so. He said:

My duty is to my native land, this dominion.

Even if there are people starving in China—

An hon. MEMBER: Russia.

Mr. WOODSWORTH: —in Russia, as there are, in Italy; even if they are starving over there, does that make it any easier for our people in Canada who are on the verge of starvation? I continue to quote the present Prime Minister:

They say the problem is a problem of the city, let the city look after it. Another says it is the province, and let the province look after them, and someone is saying the federal power should look after them, and I confess to you that this problem has given me more concern than any other single matter engaging my attention during the last few years. After all, no man who has a heart can see the mothers and children without clothes or food without emotion, however hardhearted he may be. What are we going to do about it? . . .

I say to you, my fellow citizens, my fellow Canadians, speaking to the larger audience, I am convinced this problem has now ceased to be local and provincial and has become national in its importance.

If it were national in its importance three years ago, it is still the same. It is appalling that year after year we continue to squabble about whether jurisdiction belongs to a provincial government or to a federal government, whether it is a municipal or a provincial

responsibility, and quarrel as to whether clothing should be provided by the city or the provincial authorities, or whether, perchance, it should come from the dominion, while all this time thousands of people are suffering physically, mentally and through moral degeneration because of their anxiety and the dislocation in their lives which has come in this way. This is what the Prime Minister goes on to say—

An hon. MEMBER: From what is the hon gentleman reading?

Mr. WOODSWORTH: I am reading from a report of a speech given by the present Prime Minister in Calgary on June 12, 1930. He says:

> I propose that parliament shall formulate a definite plan for permanent relief, and that parliament, as representing the people, shall deal with this national problem and provide amelioration for the condition in order that next winter the Canadian people may not be facing the crisis that is upon us without having a remedy at hand.
>
> That I propose to do. I have delayed saying that until I have come to my own city, amongst my own people of this western country, and the western country applies equally to the east as to the west. This dominion must deal with the problem that is no longer local or provincial, but affects the life of the men and women of Canada and affects the civilization of this country.

I do not think I need add very much to that. The Prime Minister in his speech nearly three years ago laid down some general principles that are as applicable to-day as they were in 1930. It seems to me that it is the responsibility of the government to put those principles into practice.

I have nothing whatever to say in adverse criticism of many of the details as presented by the minister to-night, but I believe he should bring down to the house some very definite plan of relieving the distress of the people in a much more adequate way than it is being done to-day, and further, the government should not delay even beyond this session in providing some sort of plan which would prevent a great deal of the unemployment that is now affecting this country.

May I add just a word? As far as I see the situation, I doubt very much whether under the system that exists this is possible. I do not want to put up to the government an impossible proposition, but they have again and again said: It is quite possible that we may have prosperity under this system. Then it is their duty to see that the prosperity is worked out. They have taken the ground that there is something temporarily wrong with this system; that if they are given the opportunity they can arrange that the men, women and children have a decent opportunity in Canada. Then I say: Here is their opportunity; either they have to make good under this system and provide at least food, clothing and shelter adequate for the maintenance of a decent standard of living on the part of the people of this country, or they must recognize the fact that their system is failing under their very eyes.

Mr. J. A. BRADETTE (North Timiskaming): I feel, Mr. Speaker, that this is the time and the place to make some remarks on the general principles of the bill which we are now being asked to extend, and also to mention some facts bearing on the situation nationally or locally as viewed by a representative of this house.

When I spoke on this measure last year I said then that I was under the impression that it was simply a palliative measure and that it would not long remain the law in this country. I am therefore disappointed that this house is now being asked to renew the provisions of this bill for another year. This measure is not a very popular one so far as northern Ontario is concerned. In my section of the country the people want work, not charity or doles. They are out-and-out Canadians willing and able to work, and all they want is the chance.

The minister at the end of his remarks mentioned, rightly or wrongly, that one year's experience of direct relief administration had proven that it was the more economical method. Personally I believe in the principle of unemployment relief which this parliament inaugurated two years ago, of providing public works, the building of roads and so forth, as much the better plan, because it is work the people want. The minister also said that direct relief is now being administered more economically than when it was first inaugurated. However, I believe, and I think the majority of the people of northern Ontario believe, in the principle of providing work for the unemployed through the undertaking of public works throughout the length and breadth of this country. The present system does not go to the root of the trouble. Our settlers and miners and working men in northern Ontario do not want to become mendicants. They do not want to have to go before some organization, municipal, provincial or national, and beg for a subsistence. It is contrary to the Canadian spirit and to the British spirit. No true Canadian wants to do that.

I want to be fair in this discussion, just as the minister was fair this afternoon. The higher officials in my section of the country have tried to be fair, and I believe they are fair, but no doubt anomalies and injustices have resulted from some of the actions of the minor officials, which are understandable when one realizes the magnitude and complexity of the task performed. On the other hand, I could mention many instances where I believe the federal and provincial officials in our section of the country tried to be absolutely fair to all sections of the population.

Nevertheless last year I was greatly astonished when I read in the Kapuskasing Tribune this report under the heading. "Hands out $10,000":

C. R. Harrison, M.L.A. for Nipissing, this week completed a tour of the eastern part of the riding during which he distributed colonization grants totalling $10,000 to the settlers. His travels took him to Madawaska and Whitney and the townships of Cameron, Boulter, Lauder and East Ferris.

Mr. Harrison found considerable hardship in the Madawaska and Whitney sections due to a lack of employment, but noted that the settlers are courageous and optimistic.

That statement has never been denied; I do not believe it was ever denied by Mr. Harrison or by any newspaper. I maintain, Mr. Speaker, that no provincial or federal member has the right to hand out public moneys for relief work. Why did Mr. Harrison have $10,000 to distribute in his own section? I do not know, but I do know that he had no right whatever, nor had any other member, to have the distribution of even a red cent of public funds in his own riding. I am just as much opposed to Mr. Harrison doing that as I would be opposed to any other member of the local house or of this parliament. We have the officials and the proper machinery for the distribution of these funds, and no member should have the right to handle them at all.

I wish to quote from an editorial in the Northland Post of Cochrane, a weekly paper absolutely independent in politics. It is headed, "Direct Relief as a Political Weapon," and reads:

Of the many undesirable features of the direct relief plan, not the least obnoxious is its political aspect. It is not hard to envision party workers in the next election going about the country telling those who are on direct relief that unless the government is retured to power their relief will be cut off. The Porcupine Advance hints at this angle to the matter, when it says: "The only people among the ordinary citizens of Canada who are not bitterly opposed to direct relief are some politicians and communists." A clear indication of how it works out was given by the Hearst local of the N.O.S.A. recently, when the district locals were circularized in regard to direct relief versus the land clearing bonus. The president of the Hearst local would not put the matter to a vote, fearing that if he did so and the local voted in favour of the bonus, the direct relief now being received, would be cut off. In our columns last week we published the result of this circularizing which shows that a predominating majority of the settlers of this section favour the land clearing bonus in place of either road work or direct relief. The settlers quite evidently wish to be independent and should be given the opportunity through the bonus system.

It is not only in the north, however, that the direct relief system lends itself to political usage. Wherever men are directly dependent upon the government for sustenance, there will be undue pressure brought to bear at election time. And If there is anyone artless enough to think that politicians will forbear to take advantage of the situation, they do not know politics!

The practice of direct relief is wholly detestable, from whatever angle one may view it, and while it may be justifiable and necessary as a temporary expedient, as a solution of the unemployed problem it is a costly and burdensome failure. As the Advance has often remarked, there is only one solution of the unemployed problem and that is employment.

That is the consensus of opinion in every section of the country that I visited last year.

Mr. GORDON: Can the hon. member give me any instance in northern Ontario where relief has either been given or denied because of the person's political persuasion?

Mr. BRADETTE: I believe that question was answered a moment ago when I read the press dispatch.

Mr. GORDON: I am speaking of any incident within the hon. member's own knowledge. He is a member of a large riding in northern Ontario, and knows something of the district.

Mr. BRADETTE: Surely the hon. minister should distinguish between direct activities and the moral of the thing. I have already quoted to the house an article in which it was stated that a member of the provincial house in Ontario had the actual distribution of the sum of $10,000 in the riding of Nipissing. I have also said that as far as I knew the higher officials in my section have not played partisan politics in any way. I said that last year, and I repeat it now. I have also cited an editorial corroborating the viewpoint of the Porcupine Advance, and the same applies to the Northland Post. I am not mentioning any cases in my section because I believe the higher officials wanted to play the game. But no doubt the minister knows that, happily in few instances, some of the minor officials have played the political end of the game.

Mr. GORDON: I know nothing of it.

Mr. BRADETTE: I do know something of it, but I do not believe it would help this measure to bring the matter up here. I wish to go to the root of the question, to the moral of it. It is not necessary to bring up local matters which would not be at all beneficial to the bill or the problem before us. The point I want to make is that work is preferable under all conditions and circumstances to direct relief.

Mr. GORDON: Premier Taschereau does not think so, having regard to the expense.

Mr. BRADETTE: I do not know what he thinks about it, but I saw this article in yesterday's Montreal Gazette under the heading, "Hon. J. N. Francoeur deals with relief. Hope expressed Ottawa would forego direct aid in favour of public works":

> Hope that the Dominion government would adopt public works and forego direct relief as a means of lessening unemployment was voiced in the Quebec legislative assembly to-day by Hon. J. N. Francoeur, Minister of Public Works, when he continued the budget debate.
>
> Relief of unemployment by providing jobs was a better method than by providing clothes and shelter, Mr. Francoeur stated and he hoped the Dominion government would soon take that view of the matter as it would be better for the jobless themselves and brighten the general situation.

These words were uttered the day before yesterday in the Quebec legislative assembly, so if I have to take the word of the minister there can be no peace in the Quebec cabinet, because the Minister of Public Works for the province says that it would be better to provide work than direct relief. He must have been voicing the sentiments of the premier of the province of Quebec. I repeat what I said a few moments ago, that the people of Canada to-day want work and not charity.

There is one anomaly up in my section which I believe at this time should be mentioned. When the scrip system was inaugurated, which is the only practical one under present conditions, a man received a scrip carrying with it a guarantee by the provincial government to the effect that he was entitled to receive provisions at a store. The man was left to his own initiative to buy the goods where he could get them at the best price, which was the best system. But for that scrip he was supposed to work. I maintain that when a man works either at manual labour, at professional or clerical work he should be paid in Canadian dollars and not by scrip. If a man received $10 he was compelled to work five days on road construction at $2 a day. At the end of the five days they would receive not Canadian currency but scrip, which was good in itself, but to some extent limited. The holders could buy only certain lines of goods, commodities necessary for the sustenance of life. There was no provision for medicines and various other things of that type. The people who held the scrip, although they had done manual labour, were compelled to buy the goods stipulated by the government. I contend, after making a thorough inquiry, that if a man is compelled to do work for consideration he receives from the government, he should be paid in Canadian currency.

There is another matter which no doubt the Minister of Labour will remedy as soon as possible. Perhaps he is not aware of it, and I should like him to understand that my statements are not made in a spirit of criticism.

Mr. GORDON: I am quite aware of the situation; it obtains just the same in the province of Quebec, and I have no control over it whatever. The hon. member knows that, I am sure.

Mr. BRADETTE: I want to be fair; I want to bring these matters to his attention, because I know that through the bill to be introduced and by the powers given by this House of Commons he will have charge of direct relief. Surely the Minister of Labour must have some great power in dealing with these matters when in some instances he is paying 50 per cent and in other instances 33⅓ per cent for direct relief. The point I wish to bring to the minister's attention—and I know he will deal fairly with this—is the fact that to-day the retailer has to pay cash for his goods. Throughout the country when retailers receive scrip they are called upon to give goods for the amount appearing on the order. I do not wish the minister to think I am criticizing, but I am suggesting that there should be a remedy for a condition which is detrimental to the retail trade in general. Some of the scrip has not been paid, although the goods have been delivered for over three months. I believe that condition is not fair to the retailer. Probably it is only a matter of delay, but to the small man these delays are very important. In this House of Commons we hear a great deal about the farmers' problems and the problems of the working man, but we very seldom hear anything about the retailers. I believe they constitute a part of our population which during times of stress and depression have given great help in advancing goods. I have no

doubt this condition will receive the attention of the Minister of Labour as soon as possible. The scrip is not transferable; if a man goes to his banker with it, due to the fact that he has to pay cash for his goods, the money he would raise would cost him eight per cent per annum. Therefore on that score alone I believe the Department of Labour should make a very thorough investigation of the matter. In these days it is unfortunate if a retail dealer has to hold papers for three or four months before obtaining cash; he cannot afford it. We know that dealers in northern Ontario have suffered because of that condition.

I say work should be given in my section of the country. There are undertakings being carried on which are not only local in their nature but are of a national character. In this connection I could refer to the trans-Canada highway. It is a great sight when one travels from here to North Bay, through the Ottawa Valley, to see many camps, where men are finding healthy and useful occupation. Perhaps salaries and wages on these works are not as high as they might be, but they would be of help in these times. This matter of the trans-Canada highway was dealt with at great length by the Minister of Labour and other Conservative candidates during the last general election. I am sorry to say, however, that outside of a few minor repairs made to the Ferguson highway from North Bay to Cochrane there has been no actual work done on the trans-Canada highway. Other sections, however, are receiving more benefits than we are. Of course we are glad they are receiving them, but we feel we are not being treated fairly so far as the trans-Canada highway is concerned. I was astonished to learn the other day that large sums of money have been spent on the trans-Canada highway from North Bay along the north shore of lake Superior. I have no quarrel with that section of the country. I am glad that those people are receiving the benefit, but I hope the minister will not tolerate one section of the country being left out of the picture.

Last week at a meeting in Ottawa Mr. James Sinton, chief engineer of the Ontario Department of Northern Development, spoke about the trans-Canada highway as follows:

> During the period November 1, 1931, to October 31, 1932, a total of 2,118,498 cubic yards of earth and 681,333 cubic yards of rock were excavated on Ontario's portion of the trans-Canada highway. In addition to the 96 miles of completed grading, partial grading on the highway extended over a distance of 550 miles.
>
> Ontario's contribution to the mileage of the trans-Canada highway, Mr. Sinton pointed out, is in the neighbourhood of one-third of the entire coast to coast mileage, or roughly 1,400 miles. The route has been designated from the Quebec boundary through the Ottawa valley to North Bay and from Schreiber, on the north shore of lake Superior to the Manitoba boundary. The remaining portion of the route will not be decided upon until such time as aerial and ground surveys have uncovered sufficient information in regard to the alternative route available.

The last part of that paragraph leaves a certain amount of hope for our section of the country. The provincial government has been working on the aerial survey for the last two years, and surely their report should be ready now. But, Mr. Speaker, I have never doubted the good will of the Minister of Labour in the present government, and his desire for fair play, and I have no doubt that our section of the country will be directly connected with the routing of the trans-Canada highway. At the present time thousands of young men could be usefully employed in the building of the road in our section, particularly west of Hearst, the same as they would be employed at the head of the lakes and the Ottawa valley. I believe the spring would be the time to start that work. We also have a road which would prove very useful for the provinces of Ontario and Quebec, joining the northern sections of those provinces, the Cochrane-LaReine highway. There are only about seventy-five to eighty miles to be constructed. Then you have a straight highway along the Canadian National railway to the Ontario border through the towns of Cochrane and Kapuskasing. In that section quite a number of men could be employed in useful work giving direct communication with the province of Quebec.

Another question with which the Minister of Labour is well acquainted at the present, and I believe has been for the last few years, is the building of a road between Timmins and Sudbury. All our local papers have been agitating for it, particularly the Porcupine Advance of Timmins. It would give direct communication to such great mining sections as Sudbury, Kirkland Lake, Elk Lake and Porcupine. Work on parts of this road has already been done, and I believe a few hundred men should be put to work there to give that needed communication. The opening of such a road would link up the mining camps of Sudbury, Shiningtree, Gowganda, Elk Lake, Matachewan and Porcupine.

I might say that the towns of Cochrane, Timmins and Haileybury at present are not giving direct relief; at least they do not give money without work. The authorities in Haileybury decided to clear the townsite to do away with the fire hazard. I believe that principle should apply to all municipalities.

In that work thousands of men could be given useful employment, beneficial to themselves and to the country as a whole. In Cochrane no direct relief was given to people who were not prevented from working by ill health; they were set to cut stove wood or to do road and street work. I believe the town of Timmins did the same. If the municipalities can carry out that principle, it can be applied even more readily by the central government. In this respect I am voicing the sentiments of my riding as expressed in the local press, regardless of political affiliations. With one voice they criticize what has been done under direct relief, and they are asking that as soon as possible the Canadian people in that section be given an opportunity to earn their living and not be mendicants.

The hon. minister mentioned the work that has been done on the trans-Canada airways. Last fall when this matter was mentioned during the preliminary session I praised the government for that work. Only a few days ago the Minister of National Defence (Mr. Sutherland) was kind enough to give me some information about that work. There again I believe the government is deserving of praise for the work done. But on our own section, the Hearst-Cochrane-Winnipeg division, we have not received the amount we expected, and for that reason many single men have not been able to find employment this winter. I realize that there are also almost insurmountable physical obstacles in proceeding with that undertaking, but I hope the work will be proceeded with early this year so that those single men in the urban and rural centres of northern Ontario will find useful occupation.

A few minutes ago the hon. member for Winnipeg North Centre said he knew some sections of the country where the people on direct relief were not receiving medical attention. Again I must praise the government for having last summer in our section of the country inaugurated a system of providing medical attention to those in need in the organized and unorganized districts. On that score I think the government should be complimented. Some farmer settlers were not receiving the medical attention that they required. To-day I am glad to say that there is a wonderful improvement as far as my own section of the country is concerned.

Another matter that I want to bring to the attention of the minister is this; before I left home after the Christmas holidays, the provincial government sent a circular letter to the municipalities and towns to the effect that the doctors should not receive more than $100 a month for medical attention and medicine. Of course in cities where they have a great number of doctors that might be reasonable. But the hon. minister knows well the situation in the north. Take for instance a doctor living in Kapuskasing, surrounded by a large number of unorganized municipalities where there is no doctor. If that doctor is limited to $100 a month, then the people who have suffered in these distressed times are not going to be benefited by this new legislation; they will not receive the required medical attention. Speaking for the doctors in the Porcupine, Cochrane, Kapuskasing and Hearst districts, I know that they do not charge more than thirty or forty per cent of the usual fees, but I believe with the $100 limit it is impossible for the doctors in those vast scattered and unorganized districts, where there live quite a number of people, to give the attention that the people need. Before leaving that subject I wish to say that the government merits praise in connection with that important matter of looking after the health of the people in these scattered districts in northern Ontario.

I listened with a great deal of attention to the statement of the hon. Minister of Labour regarding the back to the land movement. I am absolutely with him in the work that has been accomplished there.

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

Monday, February 27, 1933

The house met at three o'clock.

PRIVILEGE—MR. DUGUAY

Mr. J. L. DUGUAY (Lake St. John) (Translation): Mr. Speaker, the following news item was published on Saturday last by the newspaper Le Canada:

Mr. Duguay went to St. Leon to meet a settler by the name of Jeffrey Levasseur—

I wish to state, sir, that I never met any settler, at St. Leon. Moreover, I have never been to St. Leon. The settler alluded to called to see me at my office. I wish to add that I am amazed at the statement made by the Hon. Mr. Laferté, Minister of Colonization of Quebec. He is entirely wrong in seeking to justify his agents by throwing the blame on me. Within the last ten days settlers from St. Leon—the latter is not in the county of Lake St. John but in that of Chicoutimi—have come regularly to my office with grievances against Mr. Maltais. I

replied to Mr. Levasseur that he should first communicate with the Minister of Colonization at Quebec.

Mr. PARENT: Mr. Speaker, I think the hon. member is out of order.

Mr. SPEAKER: No, he is not; he is speaking to a question of privilege.

(Translation): Mr. Levasseur stated that he had already written to the minister but had not received a satisfactory reply. I finally told him that if he wished to communicate with Ottawa, he was at liberty to do so. I, myself, wrote the dispatch, Mr. Levasseur signed and sent it. I am unaware who paid for this dispatch. The amount of $40 mentioned in the article was paid to Mr. Levasseur after the dispatch was forwarded. Mr. Jeffrey Levasseur admitted to me in the presence of a witness, in my office, that on his return to Chicoutimi they had made him sign a statement similar to the one which appeared in the newspaper article. I can therefore state, sir, that I acted within my rights, and that in the future, under similar circumstances, I shall act the same way. It matters little whether the Quebec Minister of Colonization approves of my conduct, I shall act as in the past.

UNEMPLOYMENT RELIEF

Mr. GORDON: I desire to lay on the table of the house certain orders in council passed pursuant to the relief legislation.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

RAYON INDUSTRIES

Mr. SPENCER:

1. Are the rayon industries in Canada subsidized by the government in any way?
2. If so, to what extent?
3. What profits or dividends have been declared by rayon or celanese products corporations from the years 1928 to 1932, inclusive?
4. What is the scale of wages paid to men and women employed in these industries?
5. How many hours constitute a worker's week in this industry?
6. What percentage of these products are used for military purposes?
7. How much did the Canadian government buy from these firms from 1928 to 1932, inclusive?
8. Can rayon factories be turned into munitions factories in case of war?

Mr. BENNETT: Mr. Speaker, I should like to point out that apparently there is an idea abroad in this house that questions may be asked which can be answered only by the government writing to the people concerned. This could be done just as well by the member as by the officials of the government. The fourth question concerns the scale of wages paid to men and women employed in these industries. This is a matter of provincial legislation as well as of contract between the employee and the company and all the government could do would be to write a letter and ascertain what the scale might be. The same could be said of the next question dealing with the worker's week in the industry. This is purely a provincial matter. The custom of asking the government to send out communications to various people in different parts of Canada in order to answer questions is not what is needed to take up the time of parliament.

Mr. MACKENZIE KING: Mr. Speaker, I agree largely with the Prime Minister (Mr. Bennett) in what he has just said regarding questions which relate to private industries and the obtaining of information by the government when such information can be obtained just as easily by members of parliament, but I should like to know whether the right hon. gentleman's remarks extend to the giving of information with respect to matters related to bodies immediately under the control of the government. I refer particularly, for example, to harbour commissions and bodies of that sort which operate indirectly if not directly under a department of government.

Mr. BENNETT: As the leader of the opposition had occasion, I think, to indicate some years ago, the truth is that with respect to some of the operations of harbour commissions and other bodies of that character which receive money from the government, the government can exercise some control, being compelled to give approval of certain matters before contracts are entered into, but in what one might call the ordinary administrative side of the question, the government has not any more control of the matter than has someone on the street. I did not, however, in the observations I made a few moments ago dealing with the type of questions to which I referred, intend to deal with those bodies at all. The policy of the government has been immediately to send to the bodies affected the questions that have been asked and to seek from them replies which it tables in the house as indicating the best information available with respect to such questions, and we shall continue to do that.

Mr. SPENCER: It will be satisfactory to me if the government cannot give the information. I simply withdraw questions 3, 4 and 5.

Mr. MACKENZIE KING: With regard to the reply which the Prime Minister has just made, I understand some questions have been asked with respect to harbour commissions, but they have been ruled out of order. I hope they will be reconsidered in view of the statement that has just been made by the Prime Minister, because I think they are covered by what he has said.

Mr. BENNETT: I do not want to take up time unnecessarily, but with respect to the sixth question:

What percentage of these products are used for military purposes?

How can the government answer the question How does it know what the product of any particular factory is and how can it compare what is used for military purposes with the total output? As regards the seventh question:

How much did the Canadian government buy from these firms from 1928 to 1932, inclusive?

This is a proper question, although it is very general. As regards the eighth question:

Can rayon factories be turned into munitions factories in case of war?

It might be said with respect to any factory in the world that it could be turned into a munitions factory in case of war.

I do not wish the right hon. gentleman to misunderstand me. There are questions which obviously the government would not think it fair to ask commissions to answer. For instance: Did John Smith work for the harbour commission and did he receive $2.50? You spend a dollar in time and energy in getting that question answered and the answer cannot be of any real value, nor is it the intention of the government to ask the commission for it. I do not, however, think my right hon. friend referred to questions of that character.

Mr. MACKENZIE KING: I think the question might be permitted to appear on the order paper in case there should be any criticism of anyone for not allowing it so to appear.

Mr. BENNETT: At the risk of being tiresome, I might point out to the right hon. gentleman that on one occasion in the house during recent years it was indicated that some discretion must be exercised by the Speaker as to what should appear on the order paper. I fancy the incident to which he refers is one in which the Speaker, in the exercise of his discretion, thought the question should not appear on the order paper. That is as far, I understand, as the matter has gone; that is, the Speaker is responsible for what appears on the order paper.

Mr. MACKENZIE KING: The right hon. gentleman is quite correct, but I think if his honour the Speaker would reconsider the question in the light of the statement as made by the Prime Minister this afternoon, he would allow it to appear on the order paper.

Mr. SPEAKER: In view of the attitude of the government at this session regarding questions asked as to the internal management of harbour boards, certain questions along the same lines have not been put on the order paper, the government having announced its intention of not answering such questions. As to question 1 on to-day's order paper, the first question seems fair enough and depending on the answer to that, questions following might or might not be properly asked. I should say questions 1 and 7 might properly be asked, the others to be dropped.

Mr. CAHAN: I give the answer to this question so far as we have information. The answer is very meagre.

1. No.
2. Answered by No. 1.
3. No information.
4. Wages:

	Per hour Cents
Males—	
Skilled	50-80
Semi-skilled	35-50
Labourers	25-35
Youths	15-20
Females—	
Adults	18-30
Girls	15-21

5. Hours: Standard hours of labour: 50 to 55 per week.
6. Nil.
7. Nil.
8. No information.

RADIO COMMISSION

Mr. ILSLEY:

1. Has the position of assistant to the chairman of the radio commission been established?
2. If so: (a) what will his duties be; (b) what will his salary be; (c) will he be appointed by the Civil Service Commission; (d) will he be appointed after competitive written examination?

Mr. DURANLEAU: The following information has been furnished by the Canadian Radio Broadcasting Commission:—

1. No; no such position is contemplated.
2. Answered by No. 1.

ROYAL CANADIAN MOUNTED POLICE

Mr. DUFF:

1. What is the total cost of the Royal Canadian Mounted Police, in the province of Nova Scotia, for the calendar year 1932?

2. How many officers and how many men are employed on the force in that province?

Mr. GUTHRIE:

1. $461,129.78.

2.

Officers	10
Non-commissioned officers and constables	192
Special constables	99
	301

Note:— Of the above-mentioned special constables, 94 are members of the marine section, employed as crews on preventive service vessels.

*UNEMPLOYMENT INSURANCE

Mr. NEILL:

Will the government be in a position at this session to bring down legislation dealing with unemployment insurance as referred to by the right honourable, the premier, in debate in this house on November 22nd last?

Mr. BENNETT: The answer is no.

FEDERAL DISTRICT COMMISSION—HULL LAND PURCHASE

Mr. FOURNIER:

1. Has the Federal District Commission acquired a piece of land on Laurier street in the city of Hull?
2. If so, from whom has the commission purchased such land?
3. For what purpose will it be used?
4. What price did the commission pay for such land?
5. If such land has not been acquired, does the commission intend acquiring same?

Mr. RHODES:

1. Yes.
2. From the Canadian International Paper Co., Ltd.
3. For park and playground purposes.
4. The price paid was $20,000—19 acres.
5. Answered by 1.

TOBACCO STATISTICS

Mr. HEPBURN:

1. How many pounds of raw and stemmed leaf tobacco were imported into Canada in the years 1929, 1930, 1931 and 1932?
2. How much duty was paid each year?
3. How much was paid in drawbacks?
4. How much imported leaf tobacco is held in bond without duty being paid?

Mr. RYCKMAN:

1.

Fiscal year—	Pounds
1928-29	18,726,618
1929-30	17,113,472
1930-31	16,580,394
1931-32	13,075,335

[Mr. Duff.]

No separate figures are kept for stemmed and unstemmed raw leaf tobacco.

2. Imported raw leaf tobacco for manufacturing purposes in Canada is transferred to excise bond without payment of customs duty, but when ex-warehoused for excise purposes 40 cents per pound standard weight is collected on unstemmed and 60 cents per pound standard weight collected on stemmed tobacco. The following statement gives the amount of these excise duties which are tantamount to customs duties on imported raw leaf tobacco:

Fiscal year	Unstemmed	Stemmed
1928-29	$6,852,402 60	$405,112 40
1929-30	6,596,128 35	410,960 75
1930-31	6,339,399 78	356,325 50
1931-32	5,460,943 38	210,241 80

3. There is no drawback payable on unmanufactured foreign raw leaf tobacco taken out of excise bond and exported. A refund is allowed, however, of excise duty paid on foreign raw leaf tobacco (less ten per cent allowance for moisture) contained in manufactured tobacco, cigars and cigarettes exported by licensed manufacturers. The following statement gives the amount of refunds paid under this heading:

Fiscal year	
1928-29	$ 59,915 69
1929-30	21,087 53
1930-31	101,351 05
1931-32	115,908 86

4. Raw leaf tobacco held in excise bond on the 31st of January, 1933:

	Standard weight Lbs.
Unstemmed	7,288,351
Stemmed	470,576

FUNDED DEBT

Mr. COOTE:

1. What was the total funded debt of Canada as of March 31, 1914?
2. What was the total amount borrowed under funded debt from March 31, 1914, to March 31, 1932?
3. What was the total amount of interest paid on funded debt from March 31, 1914, to March 31, 1932?
4. What was the total amount of Canada's funded debt as of March 31, 1932?

Mr. RHODES:

1. $294,415,943.42.
2. $4,411,604,300, including refunding loans.
3. $1,741,285,858.37.
4. $2,502,859,760.34.

J. A. BRIERE

Mr. MARCIL:

How much was paid to J. A. Briere by the Public Works Department for his services as overseer in the reconstruction of a wharf at St. Charles de Caplan, Bonaventure county, during the years 1932 and 1933?

Mr. STEWART (Leeds): 1932, $409.50; 1933, nil.

DREDGE P.W.D. 128

Mr. MARCIL:

To whom was paid the sum of $393.22 out of the sum of $560 authorized by the Department of Public Works for the maintenance of Dredge P.W.D. 128?

Mr. STEWART (Leeds): P. Cain, caretaker, $10.45; A. Langlois, captain, $69.53; O. Roussey, labourer, $30.24; J. L. Anglearte, labourer, $6.30; J. Roussy, labourer, $6.30; B. Duguay, labourer, $6.30; A. Huard, labourer, $6.30; V. Huard, labourer, $6.30; H. Duguay, labourer, $6.30; P. Dore, labourer, $6.30; L. Chedor, labourer, $7.56; E. Mallet, labourer, $7.56; D. Morin, labourer, $7.56; O. Duguay, labourer, $7.56; I. Langlois, labourer, $7.56; J. A. Allain, labourer, $7.56; B. Allain, labourer, $7.56; R. Chedor, labourer, $7.56; J. Allain, fils, labourer, $7.56; A. Roussy, labourer, $7.56; A. Morin, labourer, $7.56; J. B. Anglearte, labourer, $7.56; C. Morin, labourer, $7.56; W. Langlois, labourer, $5.04; Absolon Roussy, labourer, $5.04; A. Huard, labourer, $7.56; D. Morin, labourer, $5.04; Alcide Roussy, labourer, $5.04; M. Langlois, horse and cart, $3.60; O. Chedor, horse and cart, $9; O. Anglearte, watchman, $40.32; L. Vignet, repairing machinery, etc., $2.25; Robins, Jones & Whitman, Ltd., roofing, paint, hardware, etc., $42.26; S. A. Huard, paint and gasoline, $14.72; R. Roy, trip to deliver telegram, 75c.—$393.22.

CAP-DE-LA-MADELEINE UNEMPLOYMENT RELIEF

Mr. BARIBEAU:

What sum has the federal government contributed, since 1930, for works in the town of Cap-de-la-Madeleine, Quebec, under the Unemployment and Farm Relief Act?

Mr. GORDON: Unemployment Relief Act, 1930, public works, $15,000; Unemployment and Farm Relief Act, 1931, public works, $33.927.79.

Mr. BARIBEAU:

What sum has the federal government contributed, since 1930, by way of direct relief, to the town of Cap-de-la-Madeleine, Champlain county?

Mr. GORDON: The following accounts have been received and paid: under the Unemployment Relief Act, 1930, direct relief, $6,655.62; under the Unemployment and Farm Relief Act, 1931, direct relief, $11,423.46; under The Relief Act, 1932, direct relief, $7,841.31.

In addition to the above accounts for direct relief distributed under the provisions of the Relief Act, 1932, amounting to $7,194,88, have been received from the province. These accounts have been audited and a cheque covering same will be forwarded to the province within a day or two.

BATISCAN, QUE., UNEMPLOYMENT RELIEF

Mr. BARIBEAU:

What sum has the federal government contributed, since 1930, for works in the parish of Batiscan, Quebec, under the terms of the Unemployment and Farm Relief Act?

Mr. GORDON: Under the provisions of the Unemployment Relief Act, 1930, the federal government contributed $1,250 towards the cost of public works carried out by the parish of Batiscan.

QUESTIONS PASSED AS ORDERS FOR RETURNS

MANSEAU DREDGES NOS. 101 AND 103

Mr. GARDINER:

1. What work has been done by dredges, Manseau Nos. 101 and 103 for the government, directly or indirectly, since 1928?
2. For what departments has this work been done?
3. What quantity of material has been lifted by these dredges?
4. What is the class of material—rock, clay, etc.?
5. What payments have been made to owners of these dredges for any and all work done since 1928?

UNEMPLOYMENT RELIEF CAMPS

Mr. TETREAULT:

1. How many camps for unemployed have been established in each province under the terms of the Unemployment Relief Act, 1931?
2. What amount does the federal government contribute to their upkeep?
3. Have any representations been made to the province of Quebec respecting the establishment of such camps?
4. Has the Quebec government made an agreement with the federal government in the matter?

MOTIONS FOR PAPERS

CALGARY CITY BONDS

Mr. COOTE:

For a copy of all correspondence passing between the city of Calgary and the Dominion government, or between the government of Alberta and the Dominion government, since September 1, 1932, regarding the payment of certain bonds of the city of Calgary in New

York; or with reference to the securing of gold by the city of Calgary for the purpose of making payment of said bonds.

DOMINION NOTES—PAYMENT IN GOLD

Mr. COOTE:

For a copy of all letters, or instructions, issued to the Assistant Receivers General since September 21, 1931, with reference to the payment of gold for Dominion notes.

PRINCEVILLE, QUE., UNEMPLOYMENT RELIEF

Mr. LAFLECHE:

For a copy of all telegrams, letters, correspondence, petitions, and other documents exchanged between the federal unemployment relief office and the municipality of Princeville, respecting money disbursed for direct relief in said municipality.

MAYVIEW, SASK., POSTMASTERSHIP

Mr. VALLANCE:

For a copy of all telegrams, complaints, petitions, reports, communications and other documents, respecting the dismissal of E. G. Christie as postmaster of Mayview post office in the province of Saskatchewan, and the appointment of Mrs. Scotland in his stead.

Also copy of all telegrams, complaints, petitions, reports, communications and other documents, respecting the removal of the said post office from the home of E. G. Christie to the home of D. W. Scotland.

SIMCOE, ONT., POSTMASTERSHIP

Mr. TAYLOR:

For a copy of all correspondence, telegrams, reports and ratings of the Post Office Department and Civil Service Commission, respecting the appointment of postmaster at Simcoe, Ontario.

WALKER'S CUTTING, ARTHABASKA, MAIL CARRIER

Mr. GIROUARD:

For a copy of the reports made following the complaints lodged against the present mail carrier on rural route No. 1, Walker's Cutting, in the county of Arthabaska.

LAKE ST. JOHN UNEMPLOYMENT RELIEF

Mr. GIROUARD:

For a copy of all letters, telegrams, requests, or other correspondence received since July, 1931, by the government, or any of the ministry or officials, respecting the investigations held in connection with unemployment relief work carried out in Lake St. John county.

KILLAMS MILLS, N.B., POSTMASTERSHIP

Mr. DUFF:

For a copy of all correspondence between the Post Office Department or any of its officials and any person or persons in the province of New Brunswick, regarding the dismissal of B. H. Lounsbury as postmaster at Killams Mills, and the appointment of his successor.

Also a copy of all evidence and a copy of the commissioner's report and all other correspondence incident to the investigation preceding dismissal of said postmaster.

[Mr. Coote.]

HULL, QUE., POSTMASTERSHIP

Mr. SPENCER:

For a copy of all documents, reports, letters, telegrams, recommendations, and all other papers on the files of the Civil Service Commission and the Post Office Department, concerning Alphonse Payette, postmaster, Hull, Quebec, now under temporary suspension.

LAWSON, SASKATCHEWAN, POSTMASTERSHIP

Mr. BOTHWELL:

For a copy of all letters, telegrams, petitions, reports and other documents passing between the Post Office Department or any official or employee thereof, and any other person or persons, since January 1, 1932, respecting the postmastership at Lawson, Saskatchewan.

BAY DU VIN WHARF, N.B.

Mr. VENIOT:

For a copy of all correspondence, pay lists and other documents in the possession of the government, in connection with the construction of a building and grading done at Bay du Vin Wharf, Northumberland county, New Brunswick, during the years 1931 and 1932.

LOUISDALE, NOVA SCOTIA, POSTMASTERSHIP

Mr. DUFF:

For a copy of all telegrams, letters, memorandums, correspondence and other documents exchanged between the Postmaster General or any of his officials and any person or persons in the province of Nova Scotia, relative to the suspension of Thomas T. Sampson, Postmaster at Louisdale, Richmond county, Nova Scotia.

Also a copy of all reports and evidence in connection with said matter.

INDIAN ACT AMENDMENTS

Mr. ST-PERE (for Mr. Dupuis):

For a copy of all telegrams, letters, reports and other documents, exchanged since July, 1930, to date: (a) by the Superintendent General of Indian Affairs; (b) the Department of Indian Affairs, respecting amendments to the Indian Act presently submitted to the House of Commons.

DOMINION ELECTIONS ACT AMENDMENTS

Mr. ST-PERE (for Mr. Dupuis):

For a copy of all telegrams, letters, reports and all other documents received or sent since July, 1930, to date, by any of the federal departments, respecting the Dominion Elections Act and the expediency of granting the franchise to the Indians of Canada, and particularly to the Indians of the Caughnawaga reservation in the province of Quebec.

FARM IMPLEMENT REPAIR PARTS

On the orders of the day:

Mr. J. L. BROWN (Lisgar): As the first of April is rapidly approaching, may I ask

the Minister of Finance if he has received any communications from farm organizations or others interested in relation to repair parts for farm implements.

Hon. E. N. RHODES (Minister of Finance): I have received certain communications, but I am unable at the moment to indicate from just what sources. An announcement will be made in due course with respect to the subject matter in question.

PELEE ISLAND CABLE SERVICE

On the orders of the day:

Mr. ECCLES J. GOTT (South Essex): I would ask the Minister of Public Works if he has received any report as to the cable service between Pelee island and the mainland, and whether one or both of the cables are down, and whether there is no communication; and if so, what is being done to maintain the sevice.

Hon. H. A. STEWART (Minister of Public Works): In reply to the hon. gentleman I am able to inform him that unfortunately both these cables are out of commission. The one between Pelee island and Leamington went out of commission on February 20, and the one between Kingsville and Scudder went out of commission on the first of January. These cables are repaired and maintained under the provisions of a yearly contract for the service, and the repairs will be made as soon as possible.

INQUIRY INTO COAL PRICES

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): May I ask the Minister of Labour if the investigation into coal prices has been concluded, and if so when we shall have the report; and if not, when will the inquiry be concluded?

Hon. W. A. GORDON (Minister of Labour): So far as the coal investigation in eastern Canada is concerned, I believe that the evidence has all been taken and that the report of the registrar under the act is in course of preparation. I anticipate that it will be only a very short time before the report is concluded.

REPORTED SALE OF RAILS TO JAPAN

On the orders of the day:

Mr. THOMAS REID (New Westminster): I would ask the Minister of Railways if he can inform the house whether the press report is true, that the Canadian National Railway is selling rails to Japan, and if so, may I ask whether they are old rails or new stock?

Hon. R. J. MANION (Minister of Railways and Canals): I cannot give the hon. member any information as this is the first I have heard of the matter. I presume that the Canadian National Railways can sell rails to whomsoever they wish, but I know nothing whatever about the matter.

COOPERATIVE COMMONWEALTH

The house resumed from Thursday, February 23, consideration of the motion of Mr. Woodsworth:

Whereas under our present economic arrangement large numbers of our people are unemployed and without the means of earning a livelihood for themselves and their dependents;

And whereas the prevalence of the present depression throughout the world indicates fundamental defects in the existing economic system;

Therefore be it resolved, that, in the opinion of this house, the government should immediately take measures looking to the setting up of a cooperative commonwealth in which all natural resources and the socially necessary machinery of production will be used in the interests of the people and not for the benefit of the few.

Mr. HARRY BUTCHER (Last Mountain): Mr. Speaker, a few minutes before the house rose on Thursday evening I had invited you to attend with me at an imaginary meeting to be held by the directors of the organization owning the ship of state to which I had formerly referred. At this interview we heard an imaginary salesman for an imaginary shipbuilding firm endeavouring to secure a contract to build a ship without giving any details or any plans and specifications. I had been prompted to use this illustration by certain statements made by the hon. member for Wetaskiwin (Mr. Irvine) who had said that he and his party might be asked for details of their plan and that his reply would be: We are not called upon to give details. We are not in the dock; it is the old system and the old political parties which are on trial.

I have since been charged, Mr. Speaker, by very candid friends, with endeavouring to pour ridicule on the resolution submitted by the hon. member for Winnipeg North Centre (Mr. Woodsworth). If that is the general impression, I much regret it. Nothing was further from my thought than a desire to ridicule a resolution sincerely proposed by any hon. member of this house. I simply wished by that illustration to point out how unreasonable it is to expect men who like to have at least some idea of the road they are invited to travel to accept so vague a proposition as that contained in the resolution.

It may be said that the hon. member for Winnipeg North Centre has definite views

on the subject and that he gave expression to them in the Walker theatre in Winnipeg on January 18. I have taken the trouble to read carefully the report of that meeting as it is found in the Western Producer of January 26, and I find myself very heartily in agreement with many of the statements made by the hon. member, but I find nothing whatsoever which in my opinion justifies either the assertion or the belief that an entirely new social order is necessary in order to remedy such evils as those to which the hon. gentleman referred. I am going to quote two or three of the statements that he made. He said specifically:

> Someone asks, tell us exactly what you would do if you were in power. I do not think it is really possible for anyone to answer such a question. Events are moving so rapidly both here and in other countries that no one can tell precisely what should be done at any given moment in the future.

Of course, everyone knows that the hon. member could not tell exactly what he would do, and it would be unreasonable to ask him to do so, but he could and he should tell the members of this house something of the methods that he would employ to effect the improvements he had in view. He might at least give us a broad outline and perhaps some of the major details of his scheme. Among other subjects I would suggest he should tell us how he would proceed with the public utilities at present owned and operated by private corporations. Would he expropriate them? If so, would he compensate the present owners or would he confiscate their interests? If he would compensate, on what basis would he make settlement.

What is his plan with regard to the principal and interest of the bonded indebtedness of Canada? What is his plan with regard to those bondholders resident without the Dominion of Canada as well as those domiciled within? Then, the hon. member proposes, among other things, to take over the ownership and control of natural resources; to guarantee security of tenure of land; in some way to provide for the adjustment of debts; to fix hours of labour and, if necessary, to limit them; to fix rates of wages to some extent, and to provide crop insurance. All of these matters are referred to in the speech made by the hon. member for Battle River (Mr. Spencer).

But, Mr. Speaker, if I understand correctly the British North America Act all of those subjects, by virtue of that act, are under the jurisdiction of the provinces. The hon. member should tell us how he intends to implement his platform in these respects. Especially would we like to know how he would proceed if the provinces, having sole jurisdiction in these matters, decide to repudiate his right to interfere. Would he say, "We will in any event pass laws, and will proceed to enforce them." If he would enforce them, how would he proceed to do so? These are just a few matters in connection with which the house should have definite information, before hon. members are asked to approve of the resolution. A little later in his speech he stated:

> First of all there is the growing recognition that we cannot proceed along the old haphazard lines.

With this we must couple his former statement:

> Events are moving so rapidly both here and in other countries that no one could tell precisely what should be done at any given moment.

It would appear that under the new system we would merely proceed along new haphazard lines, instead of along old haphazard lines. From what I had heard, I thought the hon. member had proposed to mould and control events, instead of having events control and mould us. If I have read correctly the statements by hon. members we are under their plan to become the masters of our own destiny, not the victims of circumstances. Then the hon. member said:

> Before a doctor ventures to prescribe he makes a thorough study of the system and of the history of the case.

I am not a doctor, but I presume his statement is true, as far as it goes. I suggest however that it is not the whole truth. Before a doctor prescribes he very carefully studies remedies as well as diseases. He learns the effect of drugs. I imagine he does not prescribe the use of a new medicine until he has a precedent, that is the experience of others to guide him for so doing. In a prescription of his own compiling, he makes use of no drugs with the effect of which he is not familiar. Then, again, the hon. member said:

> Our wheat growing in the west has been built up on an export basis. We cannot possibly consume in Canada all the wheat that is produced. If we market abroad we must meet competition. Obviously the only possible solution is either to cut down the costs or to raise prices or both.

We are all agreed upon that. We must remember however and admit that prices are determined in purchasing countries and are based upon the law of supply and demand. Therefore we cannot control the price. We still have the possibility of affecting it by inflation, and I must state that the hon. member did refer to the possibility of a slight

inflation. However, I understand that two of his lieutenants have repudiated the idea, and we are confronted with the question as to whether he or his lieutenants are going to have the right of way.

The only matter we have left is that concerning reduction of costs. What are the items which enter into the cost of production and marketing of wheat? There are taxes, and in many but not all cases, interest. How are taxes to be reduced? Obligations have been incurred. Services are required, but it may be possible to reduce taxes slightly. The farmer needs clothing for himself and his family; he has to purchase implements and parts therefor. He finds he must repair his machinery at home. He has to pay wages to farm employees, and finally has to pay freight on outgoing and incoming goods. But the hon. member says to the farmer, "We will help you to reduce costs." Then he turns to labour and states, "If there is not enough work to go around, the work shall be distributed and incomes maintained." I know it is the claim of labour that costs of labour do not figure largely in the costs of manufactured goods. However no one would suggest that raising wages would have the effect of reducing cost of goods.

A director of the Cooperative Commonwealth Federation states that the wages paid to railway men must be maintained. He states, further, that if it is necessary to raise freight and passenger rates to accomplish this end, then, those freight and passenger rates must be raised. I do not know how this can be done if, at the same time, the promise to the farmers is fulfilled.

Recently some of the newspapers have been accusing Liberals and Conservatives of combining in order to trample on the Cooperative Commonwealth Federation. In my view that is a most unfair statement. While on both sides of the house hon. members have criticized the new movement, I contend that the avenues of approach have been as far apart as the poles. The criticism of the Liberal party has been sympathetic while that of many hon. members opposite has been hostile and unsympathetic. It seems to me that the difference in viewpoint is clearly illustrated by quoting two statements made in the house, one by the hon. member for Winnipeg North Centre (Mr. Woodsworth) and the other by the hon. member for Toronto Northwest (Mr. MacNicol). The hon. member for Winnipeg North Centre said this:

> It is the first duty of any administration adequately to feed, clothe and shelter its people.

The hon. member for Toronto Northwest said:

> What is our major business to-day? The major business of this house is to do something to encourage the investment of capital in factories, buildings and land.

There we have an illustration of the great diversity of opinion; I believe the Liberal party, in the main, finds itself much nearer the viewpoint of the hon. member for Winnipeg North Centre than that expressed by the hon. member for Toronto Northwest.

Mr. SPEAKER: The hon. member has spoken forty minutes.

Mr. BUTCHER: I believe I had thirteen minutes remaining to me, and with your permission, Mr. Speaker, and with the consent of the house I would like to state my conclusions. They are:

First—That a large number of our citizens are suffering from want and privation, principally because of unemployment or underemployment.

Second—That it is the duty of the state to adopt such policies as are best calculated to relieve that situation, in order, as far as is humanly possible, to afford to every man the opportunity of earning a good living for himself and his dependents.

Third—If for any good and sufficient reason any citizen is unable to obtain, or is physically incapable of doing, work, in order to obtain the necessaries of life for himself and his dependents, then it is the duty of the state to liberally provide those necessaries.

Fourth—Though there are grave defects in our present system I believe that those defects can be remedied without changing the system itself, and furthermore I contend that it is the imperative duty of the state to remedy them, and as rapidly as possible.

Fifth—That a sudden transition from the present system to a socialistic state would bring about a condition of chaos and suffering even worse than the present condition.

Sixth—That, whatever the future may bring, at present the majority of the citizens in Canada still want to have at least as much individual liberty as they now enjoy: they still want to own a home, lands and personal possessions, and do not want to substitute a system of state ownership, the like of which has hitherto only been briefly and spasmodically tried and as promptly discarded.

In view of these conclusions I shall vote against the resolution.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, it is important that we should have a clear con-

ception of what the resolution before us means, and exactly what it proposes. For this reason I hope the house will permit me again to read the text of the resolution. Before doing so I wish to say that we should distinguish very carefully between the concrete proposition which the resolution embodies and proposes, and the preamble and other words by which it is accompanied. I would like hon. members to note in particular the preamble, and then the proposition itself. I submit that as respects the preamble it is one which any political party might apply to any other political party at almost any time. Indeed it is one which might be applied by parties other than political in commenting upon the failures or inadequacies of policies or principles which they oppose. The resolution reads:

> Whereas under our present economic arrangement large numbers of our people are unemployed and without the means of earning a livelihood for themselves and their dependents;
>
> And whereas the prevalence of the present depression throughout the world indicates fundamental defects in the existing economic system;
>
> Therefore be it resolved that, in the opinion of this house, the government should immediately take measures looking to the setting up of a cooperative commonwealth in which all natural resources and the socially necessary machinery of production will be used in the interests of the people and not the benefit of the few.

The first two paragraphs find fault with the existing economic system. So far as hon. members in this house are concerned, I think we might as well declare at once that there is not an individual here who for one minute would say that the present economic system is perfect. Indeed, if it were perfect, it would be different from almost everything else in this world. Certainly the present economic system is very far from perfect. Evidence is abundant that it has failed in certain, possibly many particulars. But the point that is important for us to consider at the moment is whether that failure is due exclusively to what might be described as a social order based upon the institution of private property which has prevailed in the past, and which exists at the present time, and which is the one aimed against in the resolution, or whether it has failed as a result, in part at least, of some of the weaknesses and faults of human nature; weaknesses and faults which I submit will not be changed by a transition from one particular form of government or state control to another. Also, it is important to consider whether a change to the socialist state, which is what the resolution advocates, would not only serve to make present conditions worse than they are.

[Mr. Mackenzie King.]

The preamble, as I have said, might have been applied in past election contests by either of the historic political parties in reference to its opponents with as much force as it can be applied to either or both of these parties, by the group that is citing it with reference to existing conditions. I remember, at the time the Liberal party appealed for office and was returned to office in 1921, conditions were not unlike those at the present time. The depression then existing was not world wide as it is at the moment; conditions were not as bad; so far as Canada was concerned it was nevertheless a great depression. I need not remind the house that conditions were certainly very serious. For a year or so after the Liberal administration came into office we heard from one of the leading Conservative journals in Montreal of little else save "the whispers of death," as though the end of all things had come under the then existing economic conditions. We had pointed out in the campaign that we believed the then existing conditions were in part due to the policies which had been in force under hon. gentlemen opposite while they were in office. I think we drew attention to the fact that they were in part due to the war and the consequences of the war, but we also pointed out that they were due to mistaken policies, and we indicated that if returned to power we would change those policies and substitute others which we hoped would bring about a better condition of affairs.

And that is exactly what we did, and what happened. After we came into office we reversed in many particulars the policies of hon. gentlemen opposite. They had been raising tariffs, we immediately lowered tariffs. They had been introducing other measures which were restricting trade; we took steps to remove those restrictions, and in a short time, as hon. members know, instead of huge deficits and increased taxation and continued depression, this country had for seven years in succession surpluses instead of deficits, reductions in the public debt accompanied by reductions in taxation, and a great increase of trade and employment with consequent prosperity, throughout the dominion.

I might say that my right hon. friend in the last general election, in opposing the then Liberal administration, adopted very much the same course, only he went a great deal further in what he promised. We were then at the beginning of a part of the present world depression. My right hon. friend stated that it was due to the mistaken policies of the administration. He put it all down to the policies of the administration then in

office, and he sought to win the support of the electors by stating that if returned to office he would alter those policies and put others into effect which would end unemployment. Indeed, he did immediately change those policies. At the time of making the statements he did in the general election, and again in this house, a year after having made the statements, he said that he expected his policies would have the effect of removing the depression and changing the distressing conditions. As a matter of fact up to the present his policies have not had that effect. His policies have been applied, trade has become more and more restricted, business has become more and more depressed, unemployment in the country has increased more and more. So much has this been the case that it would now appear that the policies of the right hon. gentleman, who leads the government, had been at fault rather than any particular economic system.

What then does the hon. member who proposes the present resolution offer as a remedy for existing conditions? Having said that economic conditions are not satisfactory, having by implication inferred that the policies of neither of the old historic parties are sufficient to meet the situation, he proposes a concrete remedy quite different from anything hitherto tried. It will be found in the following words:

—the government should immediately take measures looking to the setting up of a cooperative commonwealth . . .

That is the proposition that we in this parliament, that the country as a whole is called upon to consider, the setting up immediately of a cooperative commonwealth. Nothing else in this resolution is as significant as that particular portion of it, or indeed has any real significance in comparison. That is the concrete proposal, and if we oppose the resolution it is not because we are opposed to any wording of the preamble; much less is it in consequence of any opposition to the words which follow the substantive proposal; it is because we do not see, admitting that conditions may be bad at the moment, how they are going to be improved by immediately setting up a cooperative commonwealth as suggested.

Now notice the words that follow the proposal of my hon. friend, because they might seem to imply that there are different kinds of cooperative commonwealths. He says:

—the government should immediately take measures looking to the setting up of a cooperative commonwealth in which all natural resources and the socially necessary machinery of production will be used in the interests of the people and not for the benefit of the few.

Those words might be construed as qualifying words, but I submit that if they are to be used as qualifying words with respect to the cooperative commonwealth, they might equally be used as qualifying words with respect to any policies which might be introduced by any political party. My right hon. friend will claim for his policies, as I claim for ours, that they are intended to be used in the interests of the people and not for the benefit of the few. Simply attaching those particular words to a concrete proposal does not free the proposal itself from the significance that must be attached to it by those who understand its real import.

It might be said these words may be intended merely to express the hope that when a cooperative commonwealth is established matters will be so arranged as to be more in the interests of the people than for the benefit of the few. There again, as I say, is a hope of which no political party has the right to claim the monopoly. I believe my hon. friends are quite sincere in the hope they entertain, but I say of hon. gentlemen opposite, and I want to say it of my own party as well, that I believe with respect to our several policies we are all inspired by similar hopes. We may hope our policies are going to make things better for the many rather than for the few, but the fact that we are adding those qualifying words to our policies does not alter the effect those policies are likely to have once effect is given to them.

No, Mr. Speaker, I am convinced that the only way those words can be properly interpreted, in connection with the proposal set forth, is as they are understood in the language of political philosophy and economics. They are words which are intended to mean that instead of society continuing on a basis of private property and competition, such as governs in the affairs of the world at large, the structure of society in Canada is to be completely changed and there is to be an end here to private property; it is to pass into the possession of the state. Hon. gentlemen may say that all property is a pretty large order. That really is what the socialist aims at in his advocacy of socialism, but if you wish to modify it to the extent to which hon. gentlemen to my left have modified it, it means, in the exact words of the resolution, all the natural resources and all the socially necessary machinery of production. What are all the natural resources? They are all the mines, all the forests, all the fisheries, all the fields, all agricultural and other resources. These are all to pass immediately into the possession of

the state, in addition to all the so-called socially necessary machinery of production. This must include all that is needed in order to supply the food, the fuel, the clothing and the housing of a nation. Those certainly are all socially necessary requirements, and the suggestion that is being made by this new party, the Cooperative Commonwealth Federation, is that all these things, as well as all agencies of transportation and communication which are essential factors in production shall be immediately transferred to the ownership and active management of the state.

I submit that the simplest way to get a true perspective of that proposal is to ask ourselves at once how this parliament, this government or any government that may be in office in Canada at any time would ever conceivably carry out a proposal of that kind. At the present time we have before us a very considerable problem in the possession of only one great public service utility, that is, the national railway system, and it comprises but one-half the railways of this country. Under this proposal all the railways would come immediately into the possession of the state, and in addition all other agencies of transportation by land and by sea. We would have the state managing, of necessity, all the different agencies that are used for the transportation of the commodities necessary to supply human needs, for they are a part of the socially necessary machinery of production. According to this program all these are to be taken over and managed by the state.

I must say, Mr. Speaker, that I do not believe the thing is possible for one moment. I cannot conceive any intelligent man or woman in the country for a moment believing that the government of Canada could immediately—because that is what the resolution calls for—take over what is meant by the socially necessary means of production and administer them on the part of the state. Assume, however, that such a thing were possible. Would conditions thereafter be any better than they are now? If we had all the great industries of the country controlled by the state to-day, do hon. members believe that conditions would be better for the great masses of the people than is the case at the present time? We may admit that conditions are bad now; we must admit it. We cannot have the hundreds of thousands of unemployed there are, without knowing conditions are bad, but have we any guarantee that if the state were controlling everything conditions would not be infinitely worse? If state ownership and control is going to be the answer to our problems, why cannot the state at present make our national railways pay? Why cannot they fill up all the blanks in the railway field by taking on increasing numbers of unemployed and giving them employment? I need not elaborate the point. It must be apparent that an attempt to socialize the various industries of the country or to nationalize production and distribution as a whole will simply have the effect of drying up the lifeblood of industry itself.

May I ask this all-important question: Who is going to select the leaders of this new state which is to control everything? After all, there must be someone at the head of it, and if all industries are to be managed by the state, who is going to choose the different heads of the various industries? How are they to be selected? On what basis are they to be selected? We are to do away with the institution of private property—because that is the proposal; we are also to do away with the system of rewards for services rendered, as they have been made in the past and are being made at the present time. Indeed, that is the significance of the qualifying words the resolution contains. Stop for a moment and think what the method of production at present is. Necessarily there are different contributing factors, of which land is one, using the word in the broad sense to include all resources. Labour is another contributing factor; capital is another, and managerial ability is a fourth. These four factors, working together with and as a part of the community, produce the wealth of human society in the form of various products, and under the present system they get their rewards in different ways. Labour gets its reward in the form of wages, capital in the form of interest, and managerial ability in the form of salaries. The community at large gets its reward, I presume, in the supply of essential commodities and in some control of prices. These rewards are all by a process known as distribution, taken out of the proceeds of total production to which the original parties to production have contributed. Under the socialist plan, proposed by hon. members who support the resolution, these rewards will no longer be based on the present method of valuing service according to the nature of and the demand for it, but on some artificial standard which is to be invented by the state itself. There is to be no more interest under socialism; there is to be no more rent, and no more profits to managers. The only thing that is to remain is that everyone will get some remuneration from the state in the form of wages. But how are those wages to be determined? One assumption might be the

basis of need, another the basis of service, or another the basis of efficiency. Who is going to determine the need, the efficiency or the sacrifice that has been involved, under a state controlled system of socialism as vast as it would have to be if it were to operate over the country as a whole? That is a point that has to be considered.

My hon. friends who have proposed this plan must not think that those of us who object to it are not sympathetic with the aims they may have in view, or with what they would like to see effected in the way of improved conditions. Above all, they must not think that we do not sympathize with what they may be saying as a protest against existing conditions; because, surely, protests are justifiable under conditions as they are. What we do object to is their seeming to take advantage of distressed conditions throughout the country, to play upon them, and, to use the language of socialism, to exploit this distress in order to further the interests of a political party.

Let there be no mistake about this proposal which my hon. friends have put forward being intended as the platform of a new political party. I say "friends" because it is not the resolution of one member only; there is a group supporting this proposal. The proposal they have put forward constitutes a new political platform, and it is a political platform aimed against the other political platforms in this country. It is directed openly and avowedly against the policies of the historic political parties in this country. I want to make that clear—if I am mistaken I should like hon. members of the group to correct me—their purpose is to establish a new political party to oppose both the existing parties in this country. If that is the case, then I say to my hon. friends who are responsible for the resolution that they cannot be surprised if all of us in this parliament excepting themselves vote against the resolution. How can we do anything else? We cannot, unless we are prepared to say that what they are suggesting is something better than what we stand for in our principles and policies. If there was virtue in the proposal which they are now making, I do not think it would have remained until 1932 before it was put forward. There is nothing new in it. It has been put forward here and there in different countries at different times, but there is one very significant fact, t has never been put forward in good times, it has always been brought forward in bad times. I have not the least doubt that the party which now bring it forward sincerely believes that it is in position by means of the proposals it is making to be able to effect a change which the other parties have not been able to effect in their efforts. In that, however, I think they are mistaken.

In order that there may be no possibility of any feeling that I am doing my friends an injustice by describing their program as the program of a political party, let me quote from one of the pamphlets which has been issued by those who are responsible for this party and which I hold in my hand. It is entitled, "A Call to the People. The Cooperative Commonwealth Federation. Farmer-Labour-Socialist." Another interesting heading to the pamphlet is in these words:

New national movement launched at Calgary conference on August 1: Challenge to existing social order.

There is no mistake about it, it is a challenge to the existing social order. It is not merely a challenge to the political parties, it is a challenge to the existing order, that is to say, the order of society based upon private property and competition. The pamphlet states that the Cooperative Commonwealth Federation is to establish an economic and social system based upon new principles and a new plan. That is what the people are being told. Here is a challenge to the existing social and economic order, a challenge based upon new principles and a new plan. We have not however, been told what these new principles are. So far as the new plan is concerned, I think I have correctly described it, ownership by the state of all socially necessary means of production and all natural resources, and administration of these by the state, whoever the state may happen to be. I submit that before this House of Commons is asked to change the whole existing social order, we ought to have, as the last speaker has just said, something more in the way of a concrete statement from those who are supporting the resolution. We should know how they are going to effect this change, and how they would administer affairs if they themselves came into office.

If it is a challenge to the existing social order and we are going to have everything turned over to the state, as has been said, the most pertinent point in regard to the proposal is: how is that transition to be effected? Is private property going to be taken away from everyone, simply expropriated without any reward or any compensation? We ought to be told that.

Mr. HEAPS: Are not people losing their properties to-day without receiving any compensation whatsoever?

Mr. MACKENZIE KING: Answering one question by asking another is not an answer. The question just asked would indicate there

is to be no compensation. I am prepared to deal with our policies, and will have something to say about them before I get through this afternoon.

The point I wish to bring out at the moment is this: One of the essentials of what is proposed is a complete change in the social order by doing away with private property as already indicated. We ought at least to know how those whose property is to be taken away are going to be dealt with. If property is simply to be expropriated, if all the socially necessary means of production and the natural resources now in private hands are to be taken possession of by the state in virtue of power to be exercised by the government, which is to put this new plan into operation, then we should be told about it. The people should know what they are supporting when they are asked to support it. On the other hand, if it is not going to be expropriation by force and violence, because after all a proposal of this kind would involve power and force to see that it is brought about, if private property is not going to be expropriated by arbitrary means, then it must be assumed that those who are possessed of private property will be remunerated. If that is so, where is the money to come from to compensate those whose private property is to be taken over by the state? How is it to be raised? It is difficult enough to-day to raise money by loan or taxation to carry on the ordinary business of government, but if the business of government is to include all that is signified by the socially necessary means of production, and all natural resources that will mean a pretty large order to be filled. Before people can be expected to support a proposal of this kind, they have a right to demand an exact and full statement of how the change is to be brought about.

Let us ask ourselves: Exactly what is socialism as here proposed in contrast to or in comparison with some other things with which it is sometimes contrasted or confused. I hope I have made clear the nature of the change which it would involve. Something has been said about socialism as it is here proposed being in the nature of communism. I have listened to this debate from its beginning—what I have not heard, I have read—and I have been struck by the extent to which hon. gentlemen on the other side have contended that the proposals being made are the same as communism. I do not agree with them in that statement, I do not think that what is proposed in this resolution is communism. It may have certain features common to communism, but as socialism is known in economic parlance it has an entirely different significance. I do not think that the hon. member who has proposed this resolution intends to do away with the state much less to effect any change by violence. He intends to increase the functions of the state very materially. Communism would constitute an effort on the part of the workers themselves to take possession of everything, the state and all included, and to run things as they themselves might wish to organize them. Under a system of communism there need not be any organized state, and, moreover, communism proposes direct action involving violence as a part of its methods.

I believe the hon. member for Winnipeg North Centre is wholly sincere when he says that he is as much opposed to violence and the use of it as is any other hon. member, and I think other hon. members in his group are equally sincere when they make similar statements. I do not believe anything will be gained by trying to make the situation out to be worse than it really is. As I understand the matter, hon. members in the far corner to my left are opposed to communism. Certainly all in the Liberal opposition are opposed to communism, and I am also sure all hon. gentlemen opposite are opposed to it. Why should we not say to the country that at least in their opposition to communism all parties in this House of Commons are at one? It is an asset, so far as the country as a whole is concerned, to be able to make such a declaration, and it is something of which Canadians may well boast that there is not seated in the Canadian House of Commons a single member who will rise and support communism as a system which for one moment ought to be countenanced. But while I disagree with hon. gentlemen opposite when they seek to make out that the change proposed by my hon. friend is one to communism,—

Mr. BENNETT: One was a delegate to the third internationale where the declaration was made.

Mr. MACKENZIE KING: —I agree with hon. gentlemen opposite when they say that if what this resolution proposes were carried into effect, it would involve a change in the constitution of this country. That is something which should be put before the people when the change is being advocated. It would be impossible for the federal parliament, without a change in the constitution, to control all the socially necessary means of production, all the natural resources of the country. It surely is well known that matters affecting property and civil rights are under the jurisdiction of the provinces; the

provinces have to do with all questions affecting master and servant, employer and employee, the factory acts, the mining laws and similar matters. All of these would immediately have to be brought into the federal arena and the provinces, under our constitution, would have to be parties to the change. Is it conceivable that the various provincial administrations and the people in the different provinces will, at the instance of a new party that has been formed for less than a year, suddenly yield all their control over their natural assets and the powers and rights they exercise as provinces over property and civil rights in order that a federal socialistic state may be formed in Canada? That phase of the matter ought also to be made quite clear by those who are advocating this system. I heard the hon. member for Winnipeg North Centre say that he did not wish to argue the question whether it was the crown in the right of the dominion or the crown in the right of the provinces, but if you are going to have a federal socialistic state, you must argue this question, and I submit there is no other form of socialistic state that would meet what my hon. friends have in mind.

May I point out another feature which I think is important? We should not confuse opposition to socialism as stated in the resolution as being at all indicative of opposition to public ownership as such. The hon. members who have had to do with introducing and supporting this resolution have felt that there is a strong sentiment throughout the country in favour of public ownership. I think they rather hope that their socialistic state will receive support from those who favour public ownership. But may I say that public ownership is not only wholly possible, but to-day is actually operating under the system of private property and the social order that at present exist and which they say must be changed. A change to a socialistic state is not required in order to further public ownership. The wisdom of public ownership depends entirely upon the particular need that it is sought to serve, and what in time and place may most effectively serve that need. It does not follow that because public ownership may be good in one field, it will be good in every field. It depends entirely on conditions as they exist at any time and place. Let me illustrate. Those supporting the resolution speak of the post office as a fine example of what industry generally would be like if it were under complete state ownership and control in a state of socialism. The post office, when one stops to think of it, is a great utility which can best serve, under state control, the interests of a community. The reasons are obvious. In the nature of things, the collection and distribution of mail matter, in order properly to serve the community, must become a monopoly; it would be intolerable to have fifty different operating postal agencies in a country. It is because any competitive arrangement would inconvenience not only the individual citizen but the entire community, that all postal agencies have been brought under one control. That, after all, is the real test whether there should be public ownership and operation with respect to any utility or anything. How is the greatest good for the greatest number likely to be brought about? There are some utilities that are very largely in the nature of natural monopolies. The public interest in such cases may best be served where there is an actual monopoly formed, not a monopoly left to operate as it pleases, but one that will be owned and controlled by the state or subject to state regulation as may best serve the purpose. Because there is a monopoly, it does not necessarily follow that those who own or control it will have everything their own way; they become subject to such control as the state places upon the monopoly. In the case of the post office there is a very special reason why the monopoly should be a state one; the postal service has to do with communications passing from country to country; it is an international organization, and being such, having dealings with governments of other countries, that particular monopoly and social service can in the nature of things best be performed by the state itself.

But the same is not equally true of everything else, true for example of the manufacture of boots and shoes, or of the clothes or of the construction of the houses or of the supply of the food necessary for the people of the country. Because a post office can best be managed by a state monopoly, it does not follow that all the great social services that are ministering to the needs of the people in the way of clothing, food, fuel, shelter, transportation and so forth, should also be made into monopolies and managed by the state. The same arguments do not apply; these services are not in themselves natural monopolies; it is believed that controlled competition serves the public need as a whole better than would a gigantic monopoly in the case of those particular services.

As regards tram cars, there was a time when the public ownership movement had gone only a certain length, that it was felt it would be a good thing to have rival tramway

systems. Various states and municipalities sought to further that particular idea, but it came to be seen that the convenience of the public would be better served by having one system in a community; this meant creating a monopoly. In some cities, these utilities which have been made into monopolies, have remained in private hands or passed to the ownership, or to the ownership and control of the state or municipality, as the needs of the people generally could best be served. The point, however, I wish to bring out is this: where you have government ownership or control to-day, you have something that is being operated in accordance with the prevailing social order and economic system, not something being operated as it would be under the socialistic state that is proposed. Under public ownership as it is carried on to-day there remains the payment of interest to those who have invested their means and savings in particular industries; there remains the payment of salaries to managers according to the ability and availability of managers, and there remains the payment of wages under a competitive system whereby wages may differ in accordance with the quality and the amount of the service rendered. But if we had public ownership under a socialist state such as is proposed, public ownership would be changed in all of these particulars because, as I have already indicated, it is part of the doctrine of socialism to do away with the payment of any interest and the payment of any salaries and to bring everything down to a level of remuneration on a basis that those who control the state would themselves determine. I think it is important that that distinction should be made very clear.

Then there is another distinction which I think should be made clear. It is that opposition to socialism or a socialist state is not to be regarded as implying opposition to so-called social or humanitarian legislation. Neither is it to be inferred that because humanitarian legislation is a desirable thing, and because the state has gone a long way in enacting so-called social legislation with regard to such matters as workmen's compensation, unemployment invalidity or accident insurance, old age pensions, mothers' allowances and the like, that because one favours legislation of that kind which is not infrequently termed "socialistic," one necessarily favours a socialist state.

Social legislation of the kind I have mentioned is based on the assumption that individual initiative and enterprise will continue under the existing social order. These are developed under the system of private property with its reward for service which permits individuals to take great risks with the possibility of great reward or great failure. It is thought that on the whole human society is apt to progress more where that opportunity is given. The fact however, that this form of legislation has been enacted is evidence that society is wholly alive to the need of competition being controlled and alive also to the necessity at all times of seeking the greatest good for the greatest number. Unrestrained or unrestricted competition is no longer believed in anywhere. Freedom cannot exist, except where competition is in some manner controlled.

I believe, Mr. Speaker, that if these facts are thoroughly understood, much of the support that many are inclined to give to this resolution will not be forthcoming. I think there are many well-meaning men and women throughout the country who to-day are supporting my hon. friends in their advocacy of state socialism in the belief that it will mean more in the way of social and humanitarian legislation and more in the way of public ownership. But I would point out that all that there is of public ownership up to the present, and all that there is of social legislation up to the present, has come about under the system of private property and competition and under a social order based thereon such as we have to-day. What I submit is necessary, and quite self-evidently necessary, is not that we should in order to remedy existing conditions seek to change the whole basis of our social and economic structure, but that we should go on with our social and humanitarian legislation, and go on with our public ownership and operation in the directions in which they may appear to be desirable and necessary, considering each proposed measure on its merits, in the light of conditions as they exist at the particular time.

May I say that that has been the method of Liberalism through the years. Most of the social legislation on the statute books of different countries throughout the world to-day is the result of great Liberal battles, great battles in which the particular interest has been subordinated to the general interest, great battles to give first place to the well being of the many, rather than to the privileges of the few. While it may be, and undoubtedly is true, that we have not yet reached the end of the need for legislation of that kind, I submit that we shall improve conditions infinitely more quickly and more effectively in the end by continuing in that way, a step at a time, as the opportunity presents itself, than by at-

tempting instead thereof anything so revolutionary as a complete change of the existing social order.

There is another distinction which I think should be kept in mind, Mr. Speaker, and that is that socialism as set forth by its leaders, or as set forth in this resolution, is not to be regarded as being synonymous with cooperation as cooperation is generally understood. The cooperative movement, again, is an individualistic movement, not a socialist movement. The cooperative movement in the different countries has developed as it has done under the order of society as it exists at the present time. It has recognized that there is need to control greed. It has recognized that it is desirable for men to work together in as many ways as may be possible in order to serve their mutual interests, and that has been done by the formation in many countries of great cooperative societies of one kind or another. One example with which everyone I think is familiar, and perhaps the outstanding example of cooperation in the British Empire, at least, is the English and Scottish wholesale cooperative societies. May I point out that these wholesale cooperative societies and others continue to carry on their business on a basis similar to that which exists under a social order based on private property; that is, interest is paid on investments, managerial salaries are paid, and there are differences in the rate of wages according to the nature of service that is rendered. The one outstanding difference is that instead of leaving matters to competitive groups which are fiercely competing with each other, an effort is made to bring together into one vast association those who are consumers as well as those who are producers, so that when it comes to a question of distribution all may share in a more equitable way than would otherwise be possible.

Miss MACPHAIL: Would the speaker allow me one question?

Mr. MACKENZIE KING: Yes.

Miss MACPHAIL: Has he read No. 6 in the eight points of the cooperative commonwealth, which says:

Encouragement of all cooperative enterprises which are steps to the attainment of the cooperative commonwealth.

Mr. MACKENZIE KING: Yes, I have read that, and it bears out just the point I am seeking to make. My hon. friends speak of favouring cooperative enterprises, and by that they would have the people believe that anyone who is encouraging cooperative enterprises is encouraging the socialist state. I want to make perfectly clear that I stand here strongly in favour of cooperative enterprises. I would like to see them furthered as much as possible, but I favour them, not because I believe that they will lead to a socialist state, but because I believe that they will help to avoid the possibility of a socialist state. They are based on self help, not on reliance upon the state. They retain all the merits of individual initiative and individual enterprise which would be lost under a socialist state.

Miss MACPHAIL: May I say just a word?

Some hon. MEMBERS: Order, order.

Miss MACPHAIL: If the speaker permits the question, I think the house should rest easy. May I point out that the words used are, "the cooperative commonwealth." While the leader of the opposition may say that we want everything owned by the state and all private property taken away, I am pointing out that No. 6 points out that that is not true. What we are looking for is voluntary cooperation which will lead to the cooperative commonwealth.

Mr. MACKENZIE KING: Again I want to make clear that I favour cooperative enterprises, not because they lead to a cooperative commonwealth at all, but rather because they lead away from the cooperative commonwealth as the term is used in this resolution, being synonymous with socialism, and that is where I think my hon. friends are mistaken in taking the course that they take. I support them in advocating cooperation for all they are worth, but when they say that cooperation is a monopoly of the socialist party, I claim they are quite wrong. I say cooperation has made the great headway that it has under the individualist system, as it has existed up to the present time. For evidence of that one has only to take a list of the cooperative organizations in the world, and he will realize that they are being maintained under a system of private property and competition.

Mr. BENNETT: Except in Russia.

Mr. HEAPS: Is it not a fact that in Great Britain cooperative societies are affiliated with the Labour party?

Mr. MACKENZIE KING: Some of them may be affiliated with the Labour party. But, affiliation with the Labour party does not necessarily mean that all their members would go the length of advocating a socialist state. Many of the best Liberals have been born of the cooperative movement. What I should

like to make clear to hon. members is this—and if they are interested in the general good of human society, as I believe they are, they will admit it—that there are many places in which it is possible for all political parties to cooperate towards the improvement of conditions. At least there are some. There are many instances where, although members of one political party may not be prepared to support all the policies of another political party, nevertheless they can support some of them. The fact that one cannot support all the policies of another party is no reason why parties with certain policies in common should not work together towards their fulfilment. I submit that hon. members who are in favour of and believe in cooperation might much better spend their time working together to further the ends of cooperation, than in fighting each other by advocating cooperation as leading to a socialist state, and to serve the ends of another political party. There have been times when it has been possible—not many I admit—to work with hon. members opposite in respect of some of their policies. Personally, I have never ceased to welcome opportunities of the kind, although I confess they come but seldom. And there have been measures put forward by those of the cooperative commonwealth group which I have been perfectly prepared to support, because they were in accord with the principles in which I believe. What I want them to understand at the moment is that I am opposing what they are standing for to-day in advocating socialism under the name of a cooperative commonwealth because it is diametrically opposed to those policies for which I stand. May I say that their policy seeks to increase the power of the state, so that the state may serve the ends of a particular class. In my view, in that respect, it is on all fours, so far as my opposition is concerned, with the opposition I have against the program of hon. gentlemen opposite. They also, in their way, seek to have the state exercise more power, not so much in the interests of a particular class but in the interest of privileged groups or a privileged few. And in that particular with respect to their present programs the two parties to which I have referred are, in my view, more closely allied than are any other two political parties in the house. I say that because each of them, in order to carry out its policies, has to work towards the development of a bureaucratic state. Under socialism there must be a bureaucratic state, and there cannot be a bureaucratic state unaccompanied by force, and all the rest of it, to command control by the state. Hon. gentlemen opposite know very well the extent to which they have gone in the development of a bureaucracy. Our opposition to them is based in large part on the fact that at present in this country they are developing a bureaucratic system.

Mr. McINTOSH: They are all in the same boat.

Mr. MACKENZIE KING: I think I have made clear, so far as the Liberal party is concerned, that we stand for many of the measures which might be included in a socialist program, and also that in so doing we are true to our past and our present, but that is vastly different from standing for the socialist slate.

With regard to the ownership of railways the Liberal party in Canada has stood consistently for government ownership and operation of the Canadian National system. We stand for the maintenance of the integrity of the Canadian National Railways publicly owned and publicly controlled service, not because we favour a socialist state, but because we believe that under existing conditions the interests of the Canadian people will be best served by having that one system owned and controlled by the state, paralleling as it does a system of almost equal size operating under private ownership. We feel very strongly that to create one monopoly out of the railways, especially a privately owned monopoly, would not be in the public interest, and we believe that the public interest at the present time will be better served by having some competition at least between these two great systems.

I believe I have clearly indicated what I see in the way of objections to the system of socialism as it is being proposed by the resolution before us. Let me repeat that "the socialization or nationalization of production and distribution, and the extinction of what is called capitalism—by whatever name the ideal, and the process for its attainment, is called—would starve the resources, and, in time, drain away the lifeblood of the great productive industries which depend for their efficiency on the free play of initiative and enterprise." That statement I have quoted in its exact words in order that I may bring to its support the name of its author, the late Right Hon. Earl of Oxford and Asquith who, I believe, has fought for Liberal principles and for the rights of the people as bravely as any man who ever sat in the British parliament. Liberals in the old country have had to contend against the advocates of socialism. The grounds of their

opposition are set out in the quotation I have just read. Those reasons are just as pertinent and apply equally as much in this country as they do in the old country.

Let me say that I believe the chief aim of those who are supporting the socialist state is that of effecting a more equitable distribution of wealth. In my view a more equitable distribution of wealth is all-important. The Liberal party recognizes that the problem of distribution has become more important than that of production. It believes that personality is more sacred than property. In all its policies it has been guided by that principle, above everything else. It will continue to devote itself to finding ways and means of effecting a fair and just distribution of wealth with increasing regard to human need, to the furtherance of social justice and to the promotion of the common good. I submit that human need, social justice and the common good have been the constant aims of Liberalism with respect to the distribution of wealth. These ends are not necessarily attained under a socialist state.

While the problem of distribution may be a difficult one, we are very fortunate that it is the one major problem in connection with the matter we are considering, and that we do not have to consider as another major problem, that of production itself. Fortunately the problem of production in a large measure has been solved under the so-called and much berated capitalist system. To-day there is plenty. The hon. member might have added to his resolution the observation that one of the anomalies of the present situation is that there is distress and poverty in the midst of plenty. That plenty has been brought into existence not under a socialist state but under the system of private property and competition as it exists to-day.

Mr. GARLAND (Bow River): And it is choking the system.

Mr. MACKENZIE KING: The hon. member says it is choking the system. No, it is not. It is the men administering the system who are choking it. I thank the hon. member for reminding me to say a few words about the difference between a system and those who administer it. The point I wish first to bring out is, that under a socialist state your problem of distribution would be infinitely increased, because almost certainly you would fall down on production. Under a socialist state production would be very far from what it is under the present system; there would not be nearly so much to distribute. The fact that production is so great to-day, that there is more than enough for all if it were properly distributed, makes the problem that remains a very simple one relatively to what it would be if the problem of production were the great thing we had to face.

My hon. friend the member for Bow River (Mr. Garland) has just said something about clogging the system, and inferentially has been blaming the system for what has taken place. A very excellent address was delivered in the city of Toronto last week before the Empire Club by Professor Jackson of the University of Toronto. Professor Gilbert E. Jackson is Professor of Economics at the University of Toronto and a leading economist. In the course of that address he spoke as an economist with reference to the present economic system. The question Professor Jackson in a word asked his audience was this, and it is the one which I put before this house this afternoon: If the men administering the affairs of industry to-day were actuated by a different motive than that by which they are actuated, would there be any reason to find fault with the system? May I point out that motive is a matter of individual character; it is not a matter of external form of social or economic organization, it is what actuates the individual himself. The central point of Professor Jackson's address was this, and I think he is perfectly right, that the system that we have to-day has spoken for itself in what it has done in the way of producing the plenty that there now is, that it is men who have made this depression, men in their greed, seeking to monopolize for themselves the largest part of what has been produced by the existing system. Overcoming greed is not a question of economics, it is a question of morals. My hon. friends may debate this question from the point of view of an economic issue pure and simple, but that is where I take exception to their point of view. Throughout the generations and the ages the world has been looking for some better order of things, and there have been those who have sought to find it in a changed social or economic system, but those people have never been able to bring about the change, because no change in external structure will bring it about. Others have gone a little deeper, feeling that what is needed is not so much a changed social or economic system as a change of heart. They have pointed out that if the heart of man can be changed, and some of its selfishness and greed eradicated, we will not need to worry much about the particular form of organization which industry or the state may take. I believe that is a true analysis of the situa-

tion. And I must say that I think our friends of the cooperative commonwealth group owe it to themselves, because I know they all cherish that thought very deeply, to bring out that idea when they are expounding their views to the people. Nothing can be more misleading, it seems to me, than to try to have people who are not accustomed to thinking deeply on matters of this kind believe that by some change of an external character, by some economic adjustment, you are going to improve human and social relations. It may be brought about if you change with it at the same time the human heart, and the motives which actuate men in their relations with each other. As far as I can see it will not be brought about in any effective way short of that. That point is one I wish to stress, because I know that the socialist does put forth this argument, and it is an appealing one, that under a socialistic state men and women will be actuated by a different kind of motive. I must say that before you reach that ideal state you will have to go a long way in changing human nature itself. If you succeed in changing human nature to the extent that under a socialistic state we are all going to be happy, I venture to say you will have gone far enough to make us all happy under whatever condition may exist, because we will all be ready to work and share together.

Mr. LUCHKOVICH: May I ask a question? Cannot man's natural acquisitiveness be subordinated to social motives?

Mr. MACKENZIE KING: May I say to my hon. friend that I assume he is sitting in this parliament at this moment for the very reason that he himself is actuated by a motive of public service? But he has not had to be a member of a socialistic state in order to acquire that motive. May I point out to him that he came to this country as one who formerly had very little in the way of opportunity, and to-day he has risen to be one of the great men of Canada, able to exercise a vast influence for the benefit of the people. He has been able to do that under a system of private property, under the competitive system. And I venture to say that there are thousands of others to-day who similarly owe the positions which they occupy in this country not to the fact that Canada has been a great socialist community, but rather that it is a country founded on a recognition of principles that help to make for progress, and that as a consequence those who have had initiative and enterprise have been able to get their rightful place in political and other spheres.

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Mr. MacINNIS: I suppose the speaker would admit that the position of the unemployed is also due to the system?

Mr. MACKENZIE KING: The unemployment is due to defects in the system, certainly, to maladjustments of the system. But it is due more to the greed of individuals, to human selfishness and greed. The point that I should like to emphasize, and which was stressed by Professor Jackson in his address, is this, that if we get down to the root cause of the depression we shall find that it is a man-made depression; that it has its roots in human greed, that it has come about through the greed of men; first, through the greed of individuals in its various manifestations, second, through the greed of social groups within a nation, and third, through the greed of nations. Human greed is responsible for the condition that we have at the present time. What happened? When, under the system that was prevailing, prosperity was at its highest peak, how did the individual behave? Did he seek to share that prosperity with his fellow men, did he seek to put aside reserves to meet dark times ahead? Did he seek to become more humanitarian in his efforts, as he should have done if he had been actuated by high disinterested motives? On the contrary a very large number started to take the fruits of industry and gamble with them. They began to speculate in the stock market, they were not satisfied with being prosperous, or helping others to share their good fortune; they wanted to make more and more and more for themselves. With what result? With the result that money was taken away from industry; the stock markets were flooded with money and industry was drained of its very lifeblood; trade channels were denuded of necessary costs and credit, as Professor Jackson pointed out, and industry was left in a position that it no longer could continue to carry on as it had formerly done. That was not the fault of the system, that was the greed of individuals. And may I point out what took place similarly with regard to groups? None of us need go back very far to recall what the press has recorded from week to week of the doings of the groups associated with the largest industrial enterprises in the world, of what there has been in the way of high finance that has helped destroy the industrial, social and economic system of our day. That was all the greed of groups, not anything wrong with the system; it has been that the few men who got control of the system acted not as good citizens or patriots, but acted, I shall

not say as scoundrels, but as criminals. I venture to submit that the time has come in dealing by way of reform with some of these social and economic matters, where what is required, in some directions, is not so much a change of the social or economic order as an increase in the application of the criminal code.

May I go a step further and speak of nations? What has been the behaviour of nations since the great war? What has been the behaviour of our own nation? How far have we of late sought to work in cooperation with other nations? What has accentuated the depression in our own country at the present time? Is it the economic system that has served to make production plentiful? Not at all. It is the fact that nations, in their selfishness, and our own country in particular, have put up tariff barriers to a point which has prevented anything in the nature of intercourse with other countries; they have not been allowing the economic system to operate as it should for the well-being of the people. Coming down to root causes, it is the selfishness of nations, of groups and of individuals that is responsible for this depression. How far selfishness can be eliminated or controlled by legislation is problematical, I believe we can go very far in restricting its operations, but until this attitude is changed there will be no solution of the present great industrial problem or of similar problems which may arise in the future.

There is one other point to which I should like to refer; it is an argument which has been advanced by some hon. members who have supported this resolution. They have suggested that we should have change simply for the sake of change. Of all the futile arguments in the world this perhaps is the greatest. We have been told by members of the group who have spoken on this resolution that they are the only ones who have suggested anything new. One hon. member even went so far as to say that the plan might be bad, it might be a step in the wrong direction, but after all it was different from anything that has been suggested by anyone else. May I ask why we have been given the faculty of reasoning and of judgment if they were not intended to help to guide us? What is the sense of jumping from the frying pan into the fire if one can avoid such a step? Why should we go headlong over a precipice into a condition that would be infinitely worse than the position we are in to-day, when we have the experience of at least a thousand years to warn us with respect to the dangers of some of the pitfalls from which we should keep away? I think little more need be said about changing for the sake of change, I hope it will not be advocated to any considerable extent hereafter.

Coming back to the economic system, so called, may I take the analogy of the human system, the human constitution or the human mechanism, whichever you wish to call it. Would my hon. friends say that because a man ate more than he should every day, or because he drank more than he should, or because he abused his health in other ways, the human constitution as such should be condemned? The truth of the matter is, as we can see by looking over the world to-day, that Providence has given us plenty for all. Providence has done its part, but men are not doing their part. They are abusing the system which has helped make everything plentiful. The remedy is not in destroying the system but in putting an end to the abuses that are undermining it.

Now I should like to say a word with respect to one other point which hon. members supporting the cooperative commonwealth resolution have put forward. It is that we should judge their political program by the aims they have in view, also that they alone of the political parties have a program. Here I come to a word as to Liberalism in its relation to socialism. I have already pointed out that their aims, so far as they are humanitarian, and so far as they seek to have regard for the interests of the many as against the privileges of the few, are aims which have been foremost in Liberal policy from the very beginning of political controversy. The Liberal party itself is founded on an effort to further the well being of the many as against the privileges of the few, founded upon continuous effort to subject the particular interest to the general interest. I perhaps cannot do better than to record statements by two or three outstanding Liberals as to what the principle of Liberalism is, and because some of these hon. members have said that we have not stood for any particular principle, show wherein that principle is the one to-day applied in all our policies. I should like them to see that the principle for which we stand is the one that right down through the ages has more than all else been responsible for the reforms that have come about. I want to make clear that with respect to existing conditions we are standing to-day for the application of very definite principles. Let me cite first the broad principle of Liberalism as it has been stated in a very concise way by perhaps the greatest of all Liberal leaders; I refer to the Right Hon.

William Ewart Gladstone. The statement helps to make clear the Liberal principle in contrast to the Conservative, by which it is opposed; it may not be wholly pleasing to some hon. gentlemen opposite, but nevertheless I think it is true. Gladstone said:

> The principle of Liberalism is trust in the people, qualified by prudence. The principle of Conservatism is mistrust of the people, qualified by fear.

There you have the dividing line between the old political parties. The Liberal party has consistently trusted the people; it has sought legislation in the general interests of the people, but it has qualified its course by prudence. That is what I am seeking to advocate should be done at the moment; while we are striving for improvements in our economic order let us trust the people but let us also be guided by prudence. Consider on the other hand the legislation that has been enacted and the course followed by hon. gentlemen opposite since this present parliament came into being; let me ask them if anything they have done contradicts Mr. Gladstone's statement that the principle of Conservatism is mistrust of the people qualified by fear. They have taken away, as they well know, from this House of Commons, which represents the people, all control of expenditures that have been made in connection with unemployment relief. They have dealt with these expenditures, as they also have with most matters affiecting the tariff, through an autocratic executive, thereby depriving this parliament of the control which parliament should have as the representatives of the people over taxation and all fiscal matters. I could mention numerous other instances of unwillingness to trust even the people's representatives in parliament, but perhaps the ones I have mentioned are sufficient to illustrate my point.

Let me quote from another great Liberal leader, the Right Hon. the Earl of Oxford and Asquith. I shall quote from the last address made by Lord Oxford as leader of the Liberal party. It was delivered at Greenock at the time Lord Oxford tendered his resignation of the leadership of the party. He chose as the theme of his farewell address to those who over many years had been his supporters and friends what in his opinion Liberalism in its essence stood for, and had stood for during the many years he had led his party. It was as it were a handing on of the torch. Having regard to the occasion, and having regard to the vast experience of Lord Oxford as Prime Minister of Great Britain for so many years, his words ought to carry very great weight in any popular assembly. In the course of his remarks Lord Oxford said:

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> Both on its constructive and its defensive side, Liberalism means two things—the preservation and extension of liberty in every sphere of our national life, and the subordination of class interests to the interests of the community. Those two ideals were and are the life-breath of the Liberal faith. And liberty, in our understanding of it, means liberty in its positive as well as in its negative sense. . . .
>
> It is in the same large sense that you must understand our other root principle—the supremacy of the general interest over particular interests. It matters nothing for our purpose whether the class which is seeking for a privileged or paramount position is great or small; whether it relies upon birth, or wealth, or numbers and organization; whether its mouthpiece is, for the time being, the Duke of Northumberland or Mr. Cook. The good of all in our view is, in the long run, the good of each; we are all members of one another.

And a little further on:

> The Liberal party has this advantage, an advantage which I claim for it as against all competitive parties in the state, that it can point to the richest record of actual achievement in the removal of abuses and the extension of freedom, in securing step by step, that predominance of the general over the particular interest, which I have described as one of its great principles.

There is one other quotation I should like to give in setting out the principles of Liberalism which govern our party in Canada to-day as they governed Liberalism in the old land in its best days. This quotation comes also from an especially interesting source. As hon. members well know, there was a time when the late Right Hon. Joseph Chamberlain was an ardent Liberal, when Mr. Chamberlain stood and fought for the principles for which Liberalism stands. I want to give to the members of the house Mr. Chamberlain's definition of Liberalism as he understood it in those days:

> Progress is the law of the world; and Liberalism is the expression of this law in politics.
>
> Through its agency we have gained all that free men may justly prize in our existing institutions, and to it we look for the further changes that will bring them into complete harmony with the needs and aspirations of the people.
>
> True Liberalism seeks constantly the greatest happiness of the greatest number, and will attain its end through the wise cooperation of a self-governed commonwealth.

I have chosen that particular quotation because of the concluding words, "will attain its end through the wise cooperation of a self-governed commonwealth." Not a commonwealth where the state is going to govern everything, but a self-governed commonwealth where those who are members share each other's needs, rights and responsibilities.

May I add a few words which may further serve to indicate wherein I share some of the views which are held by those who are

supporting the resolution. Though I do not agree for one moment with what they propose in the way of a remedy for existing conditions, I think they are right in believing that the great question of the present day is the social problem, the problem of how the masses of the people are to live. They have been stressing that point, and rightly so, but may I say to them that they are not the only ones who feel keenly about it. There are many men and women in this country who have not attached to themselves any particular label and who are not making any professions but who nevertheless are deeply exercised over the question of how the great body of men, women and children are to live under conditions as they are at the present time. All are under obligation to those who help to bring home to this House of Commons and to the country an appreciation of the fact that the social problem is the outstanding problem before Canada at the present time. How the masses of men and women who have very little in the way of means, some of them nothing at all, are to continue to live, is a tremendous problem. Anyone who helps to bring that question to the fore and to impress it upon the mind of parliament is rendering a distinct public service.

May I say that I agree also in their emphasis of the fact that the problem of industry is the central feature of the social problem. The social problem is above all else an industrial problem; its root causes and consequently its remedies are to be found very largely in industry and the organization of industry. I think they are right when they stress the condition in industry as being the all-important problem to which parliaments and public bodies generally should be turning their attention. What do we mean by industry? If I may be permitted, I would define industry as the process by which the great natural resources of the country are transformed through human effort, aided by tools and machines, in other words, by capital, into commodities and services available for human use. Production is the basis of this vast process and exchange and distribution are derivative and contributory factors. That being the nature of industry, it follows that the problems of industry have to do with those who are carrying on these operations.

The most significant thing of to-day, next to the unfortunate conditions under which so many are living, is the fact that so far as industry is concerned with production that part of the problem presents little in the way of difficulty. That part has already been largely solved. After all, that is an amazing fact because for many years we believed that population tended to outrun subsistence. This belief was the despair of economists and humanitarians. They failed to see how a solution of any social problems could be had because they believed that production could never keep up with population, that the one would outrun the other. To-day we have in the facts as known a direct denial of that condition; we have the knowledge that production is more than equal to the task. As I said a moment ago, Providence has done its part, and it is now for man to do his. If, under our present system we have been able to solve the major problem of production, surely the same calibre of minds and the same genius will be able to solve the less difficult problem of distribution. If there were scant production or inadequate production, the problem of distribution would be great indeed, but where production is plentiful, the problem of distribution simply comes down to a matter of the sufficient understanding of the forces at work and how to control them properly.

In trying to solve the problem of industry, in so far as the problem relates to an equitable distribution of the wealth produced, we fortunately have a key which gives us every reason to hope for a successful solution and which leaves no ground whatever for despair. The central problem of industry is the problem of the control of industry; the direction and control of industrial policy; it is essentially a problem of the government of industry. My hon. friends who support the resolution before us think that this problem can be solved by transferring the government of industry generally into the hands of the state and letting the state determine the whole policy of industry. I think they are right in believing that the control of industrial policy lies at the very heart of the solution of the whole situation, but I believe they are mistaken in their desire to transfer the determination of industrial policy to the state. May I say that in that particular the problem of government in industry is no different from the problem of government in the state itself. By following what has been done in solving the problem of government in the state we shall find out what should be done in solving the problem of government in industry.

Let me illustrate. To-day every man and every woman of twenty-one years of age and over, regardless altogether of the position that he or she may occupy in life, is part of the government of the country or has some right of control over the government. That control is exercised through the system of direct representation as we have it in this parliament

at the present time, but control of the policies of a country by all its citizens was not always the case. When, in 1215, the Magna Charta was wrested from King John, absolute authority in the determination of state policy received its first blow. But it was succeeded by an authority almost as absolute on the part of a privileged group. A little later, in 1265, when Simon de Montfort called together his freemen, we had the first representative parliament. The parliament of Simon de Montfort was far from being the kind of parliament which succeeded the passing of the Reform Bill of 1832, and very different from the parliament we have to-day. All down the way there has been the effort to subject the interests of particular groups to the general interest, to cause the general interest to predominate over the particular. The result at the present time is that all classes, whether they be lords or ladies, whether they be landowners, or property owners or tenants, whether they have many possessions or few or none, so long as they are twenty-one years of age and are rational beings, they are entitled to take part in and to exert some measure of control over the government of the state. All have a share in government to-day.

If, mostly by the genius of British peoples, it has been possible to arrive at a solution of the problem of control of policy in the affairs of state, surely like qualities of mentality and ability should find it possible to work out a solution of the problems of the control of policy in industry. I submit that what is most needed to solve the industrial problem is to recognize that it is essentially a problem of government, and control of industrial policy. The reason industry to-day has become the battleground of rival contending economic interests, instead of being the common ground of cooperating human interests, is that the different groups contributing to production are each seeking for itself a monopoly of control of industrial policy instead of seeking to share a joint control in industrial policy.

How are the great industries for the most part run to-day under the present system? How is industrial policy determined? What do we find? We find that the capitalist investor exercises practically exclusive control. The capitalist investor is only one investor in industry; the worker invests not material wealth but human life itself. If material wealth is deserving of recognition because of its investment in industry, surely human life is entitled to equal recognition for its services. Similarly, take the great managers of industry, those who help to bring labour and capital together and adjust their relations with the community; they are more or less controlled by boards on which sit only the representatives of the capital investors, and their actions in large measure with respect to policy are controlled by what the board of representative capital investors say.

Then you have the other factor, the community itself, without which no industry could be carried on. The community organized as the state supplies all the agencies for maintaining peace, law and order. In the beginning, it provides the natural resources and through its members creates the demand that there is for the products of industry. It protects invention, promotes education and does innumerable other things to help to make industry possible. It has not, in connection with a large number of industrial enterprises, the control it should have. It does have a certain but not a sufficient control. What happens as a consequence? The capital investors having so largely a monopoly of control of industrial policy, the temptation to exercise it too exclusively to their own advantage has been irresistible. It is this monopoly of control by capital investors which is the essence of the capitalistic system. It is that which has occasioned the reactions. Not satisfied with the present order of things the other groups seek to remedy it, but in what way? They see that capital has the monopoly of control with respect to the direction of policy in industry and they try to remedy that by setting up another monopoly in its stead. They seek to wrest control of industrial policy from the capital investors and transfer it to themselves organized as the state, in some form of socialism or as workers in communistic groups. That is exactly what my hon. friends of the Cooperative Commonwealth Federation are seeking to do. They say: We are not satisfied with this monopoly of control which capital has. We are going to get rid of that monopoly. We who represent a class movement will transfer that monopoly of control of industrial policy to the state and say that the state shall control everything, the whole policy of the direction of industry. What happens so far as the communist is concerned? He, in his turn, being a worker, at least to begin with belonging to the labour group, says: We are making our contribution to production; we are not satisfied with the way in which this monopoly of control of industrial policy is being exercised by the capital investor; we will take industry into our own hands and as labour we will control the whole thing. May I say, that capitalism, socialism and communism in so far as each seeks a monopoly of con-

trol of industrial policy, are all alike wrong; and I believe are all alike doomed. In that sense I do believe the capitalistic system is doomed, but equally doomed with it is any communistic, or socialistic system which seeks a monopoly of control of industrial policy.

What is the cure for monopoly? It is not substituting another monopoly in its stead but getting rid of monopoly altogether. It is substituting a joint control for a single control. It is bringing together in the control of industrial policy in industry representatives of the different groups that contribute to industry. In the shaping and control of policy, labour should be entitled to its voice at a common table with the capital investor or his representative. The community should also be entitled to have its representative there. To some extent this has already been indirectly effected, not in a way that is immediately noticeable, but nevertheless in a real way. The community is represented by many boards and commissions that make regulations for different purposes, also by the operation of laws which are passed by parliament itself. Labour is represented in agreements that are made, for example, between employers and employees as a result of the recognition of unions and the improved situation that has come about as a consequence. But while there is that kind of representation, it is not such as will ever satisfy those who are giving their lives to the service of industry. They will be satisfied only when they find the same kind of expression in the control of industrial policy that they find to-day in the control of the policies of the state. Members assembled in the House of Commons to-day are representative of all classes, of all who go to make up the nation. I believe the direction in which all industrial reform should aim is at bringing about within industry itself a form of democratization of the control of industrial policy similar to that which has been brought about by the state in political affairs. May I say in this regard that that policy is one that has been advocated by the Liberal party for many years.

Mr. SPENCE: And never practised.

Mr. MACKENZIE KING: Yes, practised. If my hon. friend will remind me so that I may not forget, I shall give him an important instance in a moment. Let me first read to the house a brief statement of industrial policy as advocated by the Liberal party which I think all hon. members will be glad to hear and will deeply appreciate. It is a passage that I have taken from the last speech which was delivered by the Right Hon. Sir Wilfrid Laurier. The last time Sir Wilfrid Laurier addressed an audience was on January 14, 1919, when he spoke in this city before the Eastern Ontario Liberal Association. As hon. members will recall, within a month of that time the great Liberal leader had passed away. The words of Sir Wilfrid Laurier on that occasion come to us to-day with added force and emphasis. This is what Sir Wilfrid, referring to the problems of industry, said in the course of that address:

> The other question to which I wish to ask your attention is the new condition which ought to prevail in the industrial world. We live in an industrial age. Reading the history of the last sixty or eighty years, we are simply dumbfounded at the advances which have been made in industry. Great establishments reckon their employees not by the hundred, but by the thousand and ten thousand, and the output is not limited to hundreds or thousands, but runs into millions of articles every day. But while this growth has proceeded, conditions have developed which are very unsatisfactory, even dangerous. The relations between labour and capital have never been on a sound basis, and the two have been inimical rather than friendly. Labour has looked upon capital as a master, and capital has regarded labour as a servant. In such relations as these there should be neither master nor servant, but equality, equality of right and cooperation in administration. In this new country of Canada, and in this new order of society which we are starting to build up, we must have another and a better system. Instead of labour and capital being, as they have been, inimical, they must henceforth be friendly, seeing that labour needs capital and capital needs labour, and seeing that when one is injured the other suffers. How is that to be done? You have approached this subject to-day in your deliberations and have passed a resolution which seems to me to afford a key to the solution of this problem. Let me read it: I look upon it as the most important of all the resolutions you have adopted this day.

Then the resolution follows:

> The Eastern Ontario Liberal Association is of the opinion that the problem of the future is reconstruction, and that industrial reconstruction is the most important phase. To introduce into the government of industry the principle of representation whereby the interests of labour and of the community may be considered in industrial control and the shaping of policies is the natural work of Liberals. It is to liberalism that we owe the transition from autocratic to representative and responsible government in the affairs of the state. To democratize the government of industry so as to give to the workers and consumers a larger share in the government of industry is the task that lies ahead.

That is the end of the resolution. Sir Wilfrid continues:

> I call your attention to the last sentence, and I call the attention of the country to it, if my words can reach the people—"To democratize the government of industry so as to give to the workers and consumers a larger share in the

government of industry is the task that lies ahead." Yes, that is the task to which Liberals must apply themselves.

Near the end of his speech, Sir Wilfrid added:

We do not look to the past, but to the future; only in that direction is the horizon for us as Liberals.

Perhaps I may be pardoned if I mention that, at the time, I had the honour of drafting the resolution on industrial policy of which Sir Wilfrid Laurier spoke as he did. I was not at that moment a member of the House of Commons, much less was I leader of my party, but, when I was again returned to parliament and ever since I have been leader of my party, whenever opportunity has offered, whether it has been through the agency of government itself, or by suggestions in other directions, I have done what I could to try to further the ideal underlying that resolution.

The hon. member for Parkdale (Mr. Spence) has just said that we did not carry out our policy when in office. May I remind him of what was done with respect to the national railways, the largest industrial enterprise in Canada? It was a Liberal administration of which I had the honour to be the head which was the first to give labour a representative on its board of directors. Never before in Canada had labour had its seat on the board of directors of a great national enterprise, in this instance, along with the Canadian Pacific Railway, the largest industrial enterprise in the country. That was carrying out this very policy, and may I say to my right hon. friend the Prime Minister, having regard to legislation which is to come before us in the house this week, that I hope, when he comes to determine the personnel of the board of trustees which he proposes shall control the policy of the Canadian National Railways, he will be able to announce that one of the trustees on that board is a representative of labour. If the trustees of that board are simply chosen from the capitalist, investing class, it may well be said that instead of modifying it we are furthering the most objectionable feature of the capitalistic system. We shall have made no progress in the further democratizing of industry in the manner I have described, namely, the substitution of a joint for a single control. I make that suggestion at the moment in the hope that when that measure comes before the house we shall be able to get the assurance that the government of the day is alive to the necessity in industry, as in all else, of seeing that all the contributing factors so far as may be possible have a voice in the direction of policy and in the control of the industry itself.

[Mr. Mackenzie King.]

It has been said by some hon. members of the Progressive group that there should be a new motive in industry. May I say that I entirely agree with that? I believe that once the different groups in industry are represented in the control of industry we shall come to have a very different conception of industry generally. The conception that we have to-day is too largely that industry is primarily a source of revenue; the means whereby private gains may be reaped. There is not sufficient emphasis put upon industry being, what in fact it is, in the nature of social service. Care should be taken to emphasize more constantly that industry in its nature is essentially social service, that the man who works on the railways, the men and women who work in factories, those who have anything to do with any form of industry, are performing a great social service and merit our highest respect on that account. The man who puts his capital into industry is performing a social service, and the man who has to do with the management of industry is performing a social service, but I think we should give much more honour than we do to those who give their lives to industry, as persons performing the most necessary of social services. Too often the conception of social service is associated only with those who like ourselves are fortunate enough to be members of parliament, but ours is only one form of social service. Others in industry are equally performing social service in their every act. When this conception of industry as being in the nature of social service gains recognition, we will come to place greater emphasis on personality and relatively less emphasis on property. We will come to see that human life is more sacred than wealth, and that every policy in industry as well as in the state should be directed towards seeing that human life and personality are not in any way sacrificed to property or to wealth.

I have taken longer than I expected, Mr. Speaker, but I do not want to conclude what I have to say without recording just a few of the things for which, in seeking to meet some of the more immediate existing questions, the Liberal party stands at the present time. I am not speaking now of general principles merely, but of existing problems, and of the policies of the Liberal party with respect to them. I submit that an application of those principles and policies will go much further in helping to bring about a better condition of affairs in the country than any attempt to effect a complete revolution of the existing social order.

To emphasize what I wish to say in that regard, may I point out that up to the present I have dealt with the problems of industry largely from only one angle, the question of government in industry and the human side. But industry has a world aspect as well as a human aspect. Its problems should be viewed from all sides, from the economic and material as well as the human sides. If I might take the analogy of a coin, on one side you have the head of the sovereign, symbolical of the human interest in affairs of government and of the state, and on the other side you have the numerical denomination descriptive of value, quantity and the like. So, too, in dealing with industry. Industry is one and the same, but its problems have two sides, the human side which is concerned with matters of government, and the economic side, which relates to finance and trade, to tariffs, to questions of imports, exchange, banking, credit, currency and the like. The right policy with respect to all of these is just as vital and important in the control of industry and the well-being of those concerned with it, as a satisfactory solution of the problems of government in industry. We have to keep both of them in view. In passing may I say that in dealing with questions of trade, currency, taxation and the like, the motive that should underlie the policies of any political party in all these matters is, from the Liberal point of view, as in all else in the way of policy, how the rights of the many may be maintained as against the privileges of the few, how the particular may be made subordinate to the general interest; how human need can best be served, how social justice can best be furthered, how the good of all can best be promoted. Those are fundamental principles, and in this regard I wish to give just one further quotation in order to illustrate wherein such has been the aim of Liberalism right along. I have in my hand a quotation taken from Lord Morley's Life of Gladstone. In this passage which I shall read, Lord Morley stresses the importance that Mr. Gladstone placed upon sound economic policies in solving the great social questions of the day. It is important for us to keep in mind that sound economic policies on the part of the state, have under existing conditions more to do with human well-being than almost anything else. Lord Morley, speaking of Mr. Gladstone, says:

> It has often been said that he ignored the social question; did not even seem to know there was one. The truth is, that what marks him from other chancellors is exactly the dominating hold gained by the social question in all its depth and breadth upon his most susceptible imagination. Tariff reform, adjustment of burdens, invincible repugnance to waste or profusion, accurate keeping and continuous scrutiny of accounts, substitution of a few good taxes for many bad ones,—all these were not merely the love of a methodical and thrifty man for habits of business; they were directly associated in him with the amelioration of the hard lot of the toiling mass, and sprang from an ardent concern in improving human well-being, and raising the moral ideals of mankind. In his "musings for the good of man," Liberation of Intercourse, to borrow his own larger name for free trade, figured in his mind's eye as one of the promoting conditions of abundant employment. "If you want," he said in a pregnant proposition, "to benefit the labouring classes and to do the maximum of good, it is not enough to operate upon the articles consumed by them; you should rather operate on the articles that give them the maximum of employment." In other words, you should extend the area of trade by steadily removing restrictions. He recalled the days when our predecessors thought it must be for man's good to have "most of the avenues by which the mind, and also the hand of man conveyed and exchanged their respective products." blocked or narrowed by regulation and taxation. Dissemination of news, travelling, letters, transit of goods, were all made as costly and difficult as the legislator could make them. "I rank," he said, "the introduction of cheap postage for letters, documents, patterns, and printed matter, and the abolition of all taxes on printed matter, in the catalogue of free trade legislation. These great measures may well take their place beside the abolition of prohibitions and protective duties, the simplifying of revenue laws, and the repeal of the Navigation Act, as forming together the great code of industrial emancipation."

That quotation, Mr. Speaker, helps to make clear what I wish to emphasize in connection with the concluding portion of my remarks, namely, that if a political party wishes to serve its fellowcitizens it cannot hope to do so by concentrating on any single fetish or panacea, however laudable it may be, but must be prepared to deal in the most effective way with each question as it arises. That has been the method of Liberalism from the start. It is in that connection that we have taken throughout this parliament the strong stand that we have with respect to the relief of unemployment, seeking to urge upon the government the importance of that question above all others.

I shall run through—and I shall do it quickly to save time—a bare statement of the position of the Liberal party with respect to a few of the more immediate outstanding issues of the day. I do this to answer hon. members who say there is no alternative to the policy offered by them, and also to make clear to the house and country the exact position of the Liberal party with regard to these all-important questions. I have already referred to our policy with respect to a more equitable distribution of wealth, the safeguarding of the national railways, and the democratization of industry.

As unemployment is a matter of very great concern I shall give it first consideration. The Liberal party believes unemployment is Canada's most urgent national problem. It would deal with the present emergent conditions through a representative national commission which would cooperate with the provinces and municipalities in the administration of unemployment relief, and in an endeavour to provide work for the unemployed. As permanent measures the Liberal party is pledged to introduce policies which will serve to provide employment by reviving industry and trade, and to introduce a national system of unemployment insurance.

Then, as to the liberation of external trade: The Liberal party believes that trade is the basis of industrial and commercial development, and that Canada needs trade. It will abolish the extravagant increases in the tariff made by the present administration, which have had the effect of strangling trade, exploiting consumers and robbing railways of business. It will abolish all unwarranted extra taxes on imports, such as the exchange and dumping duties, as imposed by the present administration. It will end the making and altering of tariffs by executive action. It will substitute stability for uncertainty in the administration of customs laws. It will promote trade with all nations and negotiate trade agreements with any countries willing to trade with Canada on a reciprocal basis. It will continue the Liberal policy of British preference by a percentage reduction in existing tariffs rather than by a percentage increase against foreign countries in existing tariffs. It will grant to British imports a real preference. I may say, further, that it will aim, always, at fiscal freedom, and will help in world movements directed towards greater freedom of intercourse in trade. It will not further any policies which serve to unite groups into units against the rest of the world.

Then concerning the liberation of internal trade: The Liberal party will seek to end artificial price control and agreements in restraint of trade. Price fixing by agreements restrict and hamper trade internally. The internal trade of our country has become honeycombed and enmeshed by secret understandings and agreements. The protective tariffs, as they obtain in Canada to-day, have fostered the formation of combines, monopolies and trusts, and under these combines, monopolies and trusts there are no end of secret agreements by which prices are being held at artificial figures. I might remind the house that some years ago a Liberal administration passed the Combines Investigation Act which had for its purpose investigating combines and trusts. The history of this legislation may serve to illustrate the difference between the two larger parties in the house. After the Liberal administration went out of office the administration which followed abolished the Combines Investigation Act. As soon as we assumed power we restored that legislation to the statute book. But the Combines Investigation Act is but a mere beginning and does not meet the situation obtaining to-day. There should be more adequate facilities for investigations, and additional penalties should be imposed. Some conditions obtain which should be remedied by additional provisions in the criminal code. To-day we are seeking in vain to cope with these evils by milder methods.

The system of distribution of products needs overhauling. Distribution should be on a service at cost basis. The spread in prices is too great, as any comparison of prices paid to producers with prices consumers have to pay will make self-evident.

We believe that in connection with the liberation of trade there would be a great development of the primary industries of Canada. The Liberal party, by its policies, will continue to further the development of agriculture, lumbering, mining and fishing by effecting reductions in the costs of production of Canada's basic products, by obtaining wider markets therefor, by encouraging export trade, and by state assistance in the marketing of natural products.

Another important matter to which we would direct our attention is the control of investments in order to prevent exploitation of the public through the sale of unsound and worthless securities, namely, watered stocks. We believe an investment control board should be established, which would have supervision of issues of securities by companies incorporated under federal charters. That board should first control the incorporation of new companies, and carefully scrutinize the extent of their capitalization in relation to (a) the amount of stock authorized and to be issued, and (b) existing and anticipated assets. Secondly, it should pass upon supposed issues of additional stock by existing companies, with a view to safeguarding the interests of the industries so affected, as well as the interests of the investor. These measures would apply to companies incorporated under a dominion act. We believe the financial mismanagement of industry is one of the causes for dissatisfaction with the capitalist system, and is largely responsible for many conditions obtaining to-day. Industry has been adversely affected by

the control exercised over industry, not by industrial managers so much as by promoters and financiers. We believe the interlocking of directorates is one of the factors which on the one hand enables bankers to control industries, and on the other hand enables industrialists to control the banks. It is our view that in that connection there is room for much in the way of reform.

I come next to the control of credit. Liberalism believes that credit is a public matter, not of interest to bankers only, but of direct concern to the average citizen. It stands for the immediate establishment of a properly constituted national central bank, to perform the functions of rediscount, and the control of currency issue, considered in terms of public need. A central bank is necessary to determine the supply of currency in relation to the domestic, social and industrial requirements of the Canadian people; and also to deal with the problems of international commerce and exchange.

Then, as regards our national finances we believe now, as we always have, in the necessity of a balanced budget. It is our view that the aim of every government should be the balancing of its budget. We would seek to effect that end, as we did in seven out of the eight and a half years we held office, by retrenchment of public expenditures, by reduction of principal and interest on the public debt and by increasing revenues through the encouragement of trade. We believe a reduction of the cost of government in Canada could be effected by a careful inquiry into the whole of the costs, federal, provincial and municipal. The whole structure should be overhauled and simplified. We believe further that there should be a reduction in the burden of interest and taxation. There is room for much to be done by way of refunding of the public debt and of lowering of interest rates which, at the present time, constitute a great burden upon the state.

The Liberal party believes that the present crisis has been made an excuse for the usurpation of the rights of parliament and the assumption of autocratic powers by the executive. Liberalism stands, as always, for the principle of a free parliament, and for the supremacy of parliament. To this end it would repeal the legislation enacted by the present administration, which deprives parliament of its control over expenditures, and taxation, and invests the executive with unwarranted arbitrary powers, as for example: legislation permitting the executive to enact measures by order in council for peace, order and good government, and legislation providing the executive with a blank cheque for expenditures of any kind.

In that connection may I remind the house of what was said only a few evenings ago. The statement was made that up to the present time, in its term of office the present administration had in one way or another spent over $115,000,000 for purposes of relief. Some of it has been for direct relief, some has been given as aid to provinces, and some loaned to provinces. With the exception of $20,000,000, every bit of the $115,000,000 has been spent by the executive under orders in council on blank cheque account. Parliament has had no control over those expenditures, has known nothing of them until after they had been made. This great sum of money, $115,000,000, is equal to the total moneys paid out of the consolidated fund of Canada to run the whole dominion for the year immediately preceding the war. That gives some idea of the extent to which we have had taken away from us in this parliament the rights of the people's representatives to control expenditure and taxation.

Liberalism believes that under the excuse of the present crisis the rights of the individual have been violated. Liberalism stands, as always, for the British principle of free speech and free association, and to this end we would repeal section 98 of the criminal code, and end the present practice of arbitrary deportation.

Finally Liberalism stands for electoral laws which will ensue a true parliamentary representation of the Canadian people, and such legislation as may help to reduce the cost of electoral compaigns.

I might have added in this connection a word as to our position with regard to interimperial and international relations, but I think the house is familiar with our policy in that regard, which aims, as hon. gentlemen well know, at seeking to further wherever possible those courses in international relations which will make for peace and goodwill among nations, and promote friendly intercourse between them. We would seek to further the League of Nations in its work.

There is one word I should like to say in conclusion. I feel that this is a time when men ought to speak their minds, particularly in regard to the problems with which the country is faced—and not only the country, but with which the world itself is faced; and that if there is anything in our belief which we regard as important it should be publicly stated. Much has been said this afternoon by myself in criticism of those who are supporting the present resolution; I have felt

that they were relying far too much upon what a change in external conditions and structure might do as affecting the existing social order. I have indicated what I have in mind when I said I did not believe that some matters could be solved by economic readjustments, or by any complete transformation of the existing social and industrial order such as they have in mind, and that they would have to go very much deeper than that to find the real solution. May I say, in a word, that I believe there are some things which governments and parliaments can do, but there are other things which governments and parliaments cannot do, and it is wholly wrong that the citizens of a country generally should be led to look only to the state for the reforming or improvement of conditions. We have come to a time in the world's history when men will have to go deeper into their own hearts and ask themselves what in the final analysis it is which is preventing large numbers of human beings from being able to get the livelihood to which they are entitled, and which is accountable for the world's present distress.

If one goes back to the days of the ancient prophets and law givers one will find the spirit of the Hebrew in the writings of the sacred books. Its dominant idea is that of a divine law of righteousness, which in human affairs found its expression in social justice. I say that to my hon. friends who are supporting this resolution, because I should like them to realize that they are not the first or the only ones who have sought for social justice. It has been the great struggle through the ages. The dominant note throughout the Scriptures is that of the need to effect social justice in human relations. That was what was most emphasized in ancient times. When we come to the days of the birth of Christianity we find that Christ Himself gave to the world His views as to what it most needed to solve its social problems. They are set forth in the Sermon on the Mount. I believe there is nothing that will go so far to help solve this world's problems and remove its distress as adherence to the precepts, principles and teachings which are set forth in the Sermon on the Mount. Apart from their acceptance, there will be no permanent solution. Christ in that sermon said to mankind: Seek ye first the kingdom of God and His righteousness and all these things shall be added unto you. A moment before, He had said, "ye cannot serve God and Mammon." The things that were to be added were what ye shall eat, what ye shall drink, and wherewithal ye shall be clothed, the economic and material needs. His statement was that if men would go deep enough into their hearts and seek to root out the selfishness there, would care more for the well being of others than for their own advancement and position, very soon human society would take care of itself. A little later the apostle Paul, seeking to inculcate those precepts and principles, when addressing the Philippians, used the expression: "Let this mind be in you, which was also in Christ Jesus." In all reverence I say to my fellow countrymen, that I believe that that alone will solve the great social problems of to-day. When men and women in their relations with each other, whether social or business or political, will put first and foremost the desire to promote the well-being of their fellows in a spirit of service, and humility and sacrifice, rather than to advance their own individual interests by gain and by greed, then we shall have made a real advance toward a solution of the problems of the day. Parliament can do much to help to make it difficult if not impossible for the avaricious man to profit by his greed, and the mean man to profit from his meanness. All of us here will, I believe, irrespective of party, do what we can towards that end. We need in our work the assistance of all the helpful forces in this country, church and state must work together, but most of all the individual himself must play his part. Every man and woman must realize that if we have a world industrial depression to-day he or she is in a measure responsible for its alleviation, and that to each and to all we must look for the complete solution.

Mr. I. D. COTNAM (North Renfrew): Mr. Speaker, I beg to move the adjournment of the debate.

The house divided on the motion (Mr. Cotnam) which was agreed to on the following division:

YEAS

Messrs:

Arsenault,	Cowan (Long Lake),
Baker,	Davies,
Barber,	Dickie,
Beaubier,	Duranleau,
Belec,	Ernst,
Bennett,	Esling,
Boulanger,	Fortin,
Bourgeois,	Fraser (Cariboo),
Bowen,	Gagnon,
Bowman,	Gobeil,
Boyes,	Gordon,
Burns,	Hay,
Bury,	Johnstone,
Casselman,	Jones,
Charters,	Kennedy (Winnipeg South Centre),
Cotnam,	Laflèche,
Cowan (Port Arthur-Thunder Bay),	LaVergne,

Lawson,
Loucks,
Macdonald (Kings),
Macdougall,
MacMillan (Saskatoon),
MacNicol,
McDade,
McGibbon,
McGillis,
McLure,
Manion,
Moore (Chateauguay-Huntingdon),
Morand,
Mullins,
Murphy,
Myers,
Nicholson,
Perley (Qu'Appelle),
Pettit,
Pickel,
Plunkett,
Porteous,
Price,
Quinn,
Rogers,
Ryckman,
Senn,
Shaver,
Short,
Simpson (North Simcoe),
Smith (Victoria-Carleton),
Smith (Cumberland),
Spankie,
Spence,
Sproule,
Stanley,
Stevens,
Stewart (Leeds),
Stewart (Lethbridge),
Stirling,
Sutherland,
Swanston,
Tétreault,
Thompson (Lanark),
Tummon,
Turnbull,
White (London),
White (Mount Royal),
Willis,
Wright.—84.

NAYS

Messrs:

Ahearn,
Bertrand,
Blair,
Bouchard,
Bradette,
Brown,
Butcher,
Carmichael,
Chevrier,
Coote,
Denis,
Deslauriers,
Donnelly,
Duff,
Dupuis,
Fafard,
Fournier,
Garland (Bow River),
Gershaw,
Golding,
Goulet,
Gray,
Hanbury,
Hanson (Skeena),
Heaps,
Heenan,
Howden,
Hurtubise,
Ilsley,
Kennedy (Peace River),
King, Mackenzie,
Lucas,
MacInnis,
Mackenzie (Vancouver Centre),
MacLean,
Macphail, Miss,
McIntosh,
McKenzie (Assiniboia),
McPhee,
Malcolm,
Munn,
Neill,
Parent,
Pouliot,
Power,
Reid,
St-Père,
Sanderson,
Speakman,
Spencer,
Stewart (West Edmonton),
Totzke.—52.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Anderson (Toronto-High Park),
Anderson (Halton),
Arthurs,
Baribeau,
Barrette,
Bell (Hamilton),
Bell (St. Antoine),
Bell (St. John),
Beynon,
Black (Halifax),
Irvine,
Factor,
Fraser (Northumberland),
Beaubien,
Rhéaume,
Mercier (St. Henri),
Raymond,
Dubois,
Euler,
Dubuc,
Cahan,
Cantley,
Chaplin,
Dorion,
Duguay,
Dupré,
Edwards,
Embury,
Ganong,
Garland (Carleton),
Geary,
Gott,
Guthrie,
Hackett,
Hanson (York-Sunbury),
Harris,
Larue,
Lennox,
Laurin,
MacDonald (Cape Breton South),
MacLaren,
Maloney,
Matthews,
Perley, Sir George,
Rhodes,
Robinson,
Ross,
Rowe,
Ryerson,
Sauvé,
Simpson (Algoma),
Smoke,
Spotton,
Stinson,
Stitt (Nelson),
Stitt (Selkirk),
Sullivan,
Thompson (Simcoe),
Wilson,
Weir (Melfort),
Weese,
Rinfret,
Cardin,
Gardiner,
Verville,
Dumaine,
Ferland,
Elliott,
Bothwell,
Luchkovich,
Girouard,
Mercier (Laurier-Outremont),
Rutherford,
Lapointe,
Perras,
Veniot,
Jacobs,
Thauvette,
Howard,
Fontaine,
Urquhart,
Fiset,
Young,
Moore (Ontario),
Marcil,
Ralston,
Desrochers,
Roberge,
Lacroix,
Taylor,
Séguin,
Casgrain,
Cayley,
Hepburn,
Hall,
Woodsworth,
Weir (Macdonald),
Brasset,
Jean,
Vallance,
Motherwell,
Mitchell.

Mr. ELLIOTT: I was paired with the hon. member for South Waterloo (Mr. Edwards): Had I voted I would have voted against the motion.

Mr. VALLANCE: I was paired with the hon. member for Wentworth (Mr. Wilson). Had I voted I would have voted against the motion.

Mr. RYERSON: I was paired with the hon. member for Norfolk-Elgin (Mr. Taylor). Had I voted I would have voted for the motion.

Mr. SIMPSON (West Algoma): I was paired with the hon. member for Charlevoix-Saguenay (Mr. Casgrain). Had I voted I would have voted for the motion.

Mr. ROWE: I was paired with the hon. member for Beauce (Mr. Lacroix). Had I voted I would have voted for the motion.

Mr. GOTT: I was paired with the hon. member for Kent, Ont. (Mr. Rutherford). Had I voted I would have voted for the motion.

Mr. CAHAN: I was paired with the hon. member for St. James (Mr. Rinfret). Had I voted I would have voted for the motion.

Mr. PERRAS: I was paired with the hon. member for Stanstead (Mr. Hackett). Had I voted I would have voted against the motion.

Mr. DUGUAY. I was paired with the hon. member for Bagot (Mr. Dumaine). Had I voted I would have voted for the motion.

Mr. YOUNG: I was paired with the hon. member for South Renfrew (Mr. Maloney). Had I voted I would have voted against the motion.

Mr. BOTHWELL: I was paired with the hon. member for Hastings-Peterborough (Mr. Embury). Had I voted I would have voted against the motion.

Mr. MacLAREN: I was paired with the hon. member for Rimouski (Sir Eugène Fiset). Had I voted I would have voted for the motion.

Mr. DUPRE (Translation): I was paired with the hon. member for Joliette (Mr. Ferland). Had I voted I would have voted for the motion.

Mr. LARUE (Translation): I was paired with the hon. member for Vaudreuil-Soulanges (Mr. Thauvette). Had I voted I would have voted for the motion.

Motion agreed to and debate adjourned.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

CURRENCY, NOTES AND BONDS

PROPOSAL FOR STAMPING OR PRINTING IN BOTH OFFICIAL LANGUAGES

The house resumed, from Monday, January 30, consideration of the motion of Mr. Boulanger:

Whereas French speaking Canadians constitute approximately one-third of the population and have always evinced their attachment to the throne and British institutions;

And whereas their language, one of the languages most commonly used in international relations, is coupled with their culture and traditions, one of the essential elements of Canadian nationality, and establishes a characteristic that differentiates and protects our country against the dangers of Americanization;

And whereas the fathers of confederation had in mind and the federal pact demand the equality of the two languages: English and French;

Therefore be it resolved that, in the opinion of this house, in order to more clearly establish the distinctive character of the Canadian pepole and to better ensure its preservation, all state currency, notes or bonds should be in both official languages.

[Mr. Cahan.]

Mr. SAMUEL GOBEIL (Compton): The mover of this resolution having spoken in French, I have come to the conclusion that I should reply to him in that language, but I must say that in my opinion, for all practical purposes, the resolution is one that should have been moved in English. For that reason it is to be regretted, I think, that the hon. member for Bellechasse (Mr. Boulanger) did not move it in English. He knew, I am sure, that there were no converts for him to make among the French speaking members of this house, when he asked for a bilingual currency—and I use the words bilingual currency advisedly—rather than the words set out in the motion, because I doubt whether, in the present state of affairs and under world conditions, it is wise on the part of this house to express an opinion to the effect that we should guard against the dangers of Americanization. That however is something which I leave to hon. members who have more experience than I have. But when the hon. gentleman suggests that we should have a bilingual currency in Canada, I think I can say that without a single exception we are in favour of his proposal. Every French Canadian, the humblest or the most distinguished, will take a greater pride in the fact that he is a Canadian when there is equal proficiency in the two languages and when bilingualism has become an established fact recognized throughout the country.

If there is any need for missionary or educational work in this matter, as I claim there is, and I say this without intending any offence, it is certainly among the English speaking members of the house. The large majority if not all of our colleagues who speak the other language are broadminded men willing to do their share towards bringing about greater unity between the races. To convince them that our case is just and fair, it is only proper that we should speak to them in their own tongue. I fancy I hear someone saying that bilingualism is official in this house and that they should learn French, but in my opinion that is a most illogical reply, as illogical as it would be for an English speaking Canadian who might go into one of our towns in Quebec, where he might not be fully understood, to insist on people trying to speak his own language. It is in the best interests of all to be able to speak both languages, but it should not be forgotten that the learning of our language presents to our colleagues the same difficulties that we encounter when we learn theirs.

(Translation): Mr. Speaker, I am pleased to take part in this debate. Although I do not endorse all that has been said by the hon.

member for Bellechasse (Mr. Boulanger)—because I would not care to be credited with some of the expressions he used—may I, however, assure him that his Conservative French Canadian colleagues of Quebec, rejoice in hearing that, since 1930 at least, he has suddenly become an ardent champion of bilingualism. I also wish to extend my congratulations to the members of the press gallery for the publicity they gave to his speech. This shows that the press realizes that public opinion takes an interest in this question and want to be well informed. I therefore feel confident that I shall be dealt with as fairly and that the question of bilingualism will be better understood when this debate closes.

Since January 30, last, certain newspapers, perhaps, with the best of intentions—I am willing to give them the benefit of the doubt in this respect—have criticized me for having adjourned the debate, thus preventing further discussion on this resolution. I have, sir, no apology to make to my province or fellow citizens, because I am convinced that, by adjourning the debate, I have better served the cause of bilingualism than the mover of the resolution, by his speech.

We are living in a country where two-thirds of the population are of British extraction or at least different from ours. We, French Canadians, contend that we are entitled to have bilingualism in this country, first, as original possessors or settlers of the land, secondly, in virtue of the British North America Act. However, it must be acknowledged—I think it is so acknowledged by everyone—that the British North America Act is not very clear on the question of currency. The motion before the house is a proof of this. The hon. member for Bellechasse requests the house to decide this point and declare that our currency should bear bilingual inscription. Briefly, this means that part of section 133, by the request of the hon. member for Bellechasse, becomes a question for the house to decide. Then, sir, is it not reasonable to believe that if the hon. member for Bellechasse had really had at heart the success of this motion, he would not in the course of his remarks, insulted, as he did, a certain group of his colleagues. To my mind, that is a proof—there are others—that the hon. member's intention, in introducing this resolution, was to make it a political issue and endeavour to make political capital out of it.

Moreover, sir, the hon. member and his party were guided by past experience, because the house must remember that, for the last forty years, never did the liberal party assume power on an economic or political issue, but have always appealed to popular feelings. In 1896, the liberal party was hoisted to power on the Manitoba school question; in 1921 it resorted to the conscription issue. On the other hand, the liberal party was always put out of office on a question of policy and involving broad principles. They were put out, in 1911, on the reciprocity issue and, in 1930, on the question whether Canada would further allow foreign products to flood her markets.

Now, sir, if we agree on the principle of the resolution itself, the discussion of it will permit, however, to clear up certain aspects of the question which are not sufficiently known by the public and place the responsibility of certain acts where it should be.

First, it is not more a question of the hour than it was five or ten years ago. The hon. member for Bellechasse admitted it himself in his speech. He stated that numerous petitions had been forwarded to the Minister of Finance (Mr. Rhodes). Let me point out to him that most of these petitions were not sent to the present Minister of Finance but to his liberal predecessor and that, in the course of twelve months, between 1928 and 1929, more petitions of this kind were received by the then Minister of Finance than had ever been received since Confederation to this date. To inquiries made, at the last session, the government replied that, from May, 1928, to April 1929, 348 petitions had been received, requesting bilingual inscriptions on our currency, and that—a strange coincidence—on June 28, 1929, hardly two months after receiving all these petitions, the government under the leadership of the right hon. Mr. Mackenzie King, signed a five-year contract for the printing of our currency—a unilingual currency—dated April 1, 1930.

Last summer, I do not know why, when the hon. member for Bellechasse, in a letter addressed to the press, contended that I had conspired with the hon. Postmaster General (Mr. Sauvé) and a few members on this side of the house, in order to prevent the discussion of this motion, I inquired, in my reply to his letter, why he had not introduced his resolution previous to the contract made in 1929. In a letter dated July 30, 1932, published by l'Action Catholique on August 2, 1932, the hon. member for Bellechasse replied as follows:

> Mr. Gobeil wishes to know why I did not advocate bilingual currency under the Liberal regime. I shall frankly tell him. At the time to which he refers, I was opposing subsidized immigration. I thought that to struggle with that issue was enough work for a new member.

I wonder if the hon. member for Bellechasse satisfied a great number of people with

such a reply; however, I regret to state that he neither impressed me by his zeal, at that period, nor by his sincerity, to-day. If the hon. member had then shown the great activity which he has displayed since his party has gone out of power, he certainly could have found the means to introduce his resolution, especially when he already had, in 1929, a parliamentary experience of three years, and particularly when he must have realized that his efforts to restrict immigration had no results. However, sir, were we to admit, for the sake of arguing, that the hon. member was right, if we accept his views, that a new member, in his first stage of parliamentary life, has an excuse perhaps, for not championing his race, his language or liberty when he believes them threatened, does the same excuse apply to the sixty other members of Quebec, in 1929? Does the same excuse apply to such veteran parliamentarians who sit on the front benches? For instance, to the hon. member for l'Assomption-Montcalm (Mr. Seguin), to the hon. member for Bonaventure (Mr. Marcil)? Is such an excuse valid on behalf of the hon. member for St. Denis (Mr. Denis), with his sonorous voice, who rises in the house, at every moment, and likes to be looked upon as the great patriot of this chamber? Is it valid on behalf of the hon. member for Temiscouata (Mr. Pouliot), so loquacious since 1930.

Mr. POULIOT (Translation): Had the government given me my station sooner, I could have taken up this matter.

Mr. GOBEIL (Translation): . . . the most expensive member in the house, considering the services he renders? Is it possible to imagine or believe that he did not rise in the house, in 1929, to protest before the contract was awarded by the government of which he was a follower? And, the hon. member for St. James (Mr. Rinfret) the great champion of the French Canadians, who, in 1925 and 1926, came to the county of Compton, at East Angus, to denounce the Conservatives and tell the people of my constituency how necessary and important it was for them to return a liberal so as to uphold the rights of the French Canadian race against the encroachments of these villainous Tories? Was such an excuse valid in the case of the hon. member for Richelieu (Mr. Cardin)? In brief was such an excuse valid in behalf of the solid phalanx?

All will remember—and the house will recall that at the time the famous solid phalanx was returned to power—the husting speeches of our hon. friends opposite, who stated that it was absolutely necessary for the honour of the French Canadian race and language to return the Quebec liberal phalanx "en bloc", and this Quebec solid phalanx, 61 strong, all members of my province, remained silent; not one rose in the house to request a bilingual currency, when, in 1929, it became necessary to renew the contract; I state, not one rose in the house!

The hon. member for Bellechasse made the other day, to my mind, a rather harsh statement. While listening to him, I could not help thinking that there was much spite infused in the remarks addressed to his colleagues of 1929. He made the following statement, page 1775 of Hansard:

I trust that no one will take the attitude of whipped dog that some of our public men have sometimes taken on national questions.

Where were the "whipped dogs" in 1919? Surely not on the left of the chair, because, as a result of the campaign of race prejudices carried on by our friends opposite, not a Conservative French Canadian of Quebec was elected. Therefore, there is no doubt that the whipped dogs to which the hon. member for Bellechasse referred were the 61 Liberal members of Quebec. Is this not a proof, sir, that the hon. member displayed harshness towards his friends?

I regret that the hon. member for Chicoutimi-Saguenay is not in the house; however, I hope he will appear before this debate closes. He should acquaint the house with his views, especially as whip of his party, he who since 1930, but particularly since the opening of this session, rises in his seat as if moved by a hidden spring each time some document or pamphlet is mentioned in the house, and inquires whether it has been printed in French—

Mr. POULIOT (Translation): There is no Chicoutimi-Saguenay county.

Mr. GOBEIL (Translation): When it has not been printed in French it is simply because it was not under the Liberal regime, however, each time the minister concerned replies: if such is the wish of the house, this pamphlet will be published in French. But the hon. member for Chicoutimi-Saguenay—

Mr. POULIOT (Translation): There is no Chicoutimi and Saguenay county.

Mr. GOBEIL (Translation): The hon. member for Charlevoix and Saguenay (Mr. Casgrain) should inform the house whether in 1929 he made use of the whip, and, if so, how many strokes he gave each of our hon. friends to force them to adopt the humiliating position described by the hon. member for

Bellechasse. I have much regard for my friends in the opposition and I cannot imagine that in 1929 out of 61 members from Quebec all sitting on your right, sir, not one expressed the wish to the leader of the government when the currency contract came up, that the country be given a bilingual currency. Since such was the case, the whip who is the executor of the high party orders, must have had his hands full to keep them in line, and I am sure that if the hon. member divulged to the house the means to which he resorted, we would have a very interesting page of the inner history of the Liberal party.

What about the hon. member for Quebec East (Mr. Lapointe), the first lieutenant of the prime minister of that period, the leader of the French Canadian representation, the great champion of the rights of his race in Quebec? In 1925 and 1926, and even in 1930, he also was one of those who, on the hustings, addressed the French Canadians, and explained to them the necessity of electing a solid phalanx to safeguard their rights, language and liberties. Will the hon. member for Quebec East explain why this contract was awarded, in 1929, for a unilingual currency? I think, sir, that it behooves the hon. member to explain to the house this change in their policy, because this question was an issue in 1929 as it is to-day. It was even more an issue then, because of the 348 petitions received by the Minister of Finance of that day. It behooves the hon. member for Quebec East to inform the house and the Quebec representation why this question was not settled in 1929, when times were normal, when the question was easier to settle than to-day, because there existed less restlessness. I am certain that if the hon. member for Quebec East confided to the house why it was not done, it would make very interesting news. While awaiting his statement, may I divulge what, I think, was the main reason. It was, sir, that, in 1929, the Liberal party was in power, while to-day it is in the opposition.

If the Liberal party was in power, to-day, and a Conservative member moved a resolution similar to the one before the house, I have not the least doubt that the hon. member for Quebec East would quote the views that his late leader, Sir Wilfrid Laurier, expressed in the house, on February 25, 1907, on a similar resolution moved by the hon. member for Montmagny (Mr. LaVergne). Let us examine the statement made, in 1907, by the leader of the Liberal party, Sir Wilfrid Laurier the idol of the province of Quebec. His words are quoted on page 3655 of Hansard, February 28, 1907:

> . . . but I must protest against the idea that because bank notes are not printed in French as well as in English, one can state that the French language is not on a footing of equality with the English.
>
> We have our rights and we should exercise them when it is our interest to do so, but I do not think we should be pedantic and insist that on every occasion the French language should be spoken.

Will any of our hon. friends, in the opposition, rise in the house this evening and contend that Sir Wilfrid Laurier was a traitor to his race when he made this statement. I invite our hon. friends opposite to rise in their seats and tell us what they think of the views expressed by Sir Wilfrid Laurier, in 1907, with reference to the bilingual currency.

Mr. DORION (Translation): There must have been whipped dogs at that period!

Mr. GOBEIL (Translation): There certainly were whipped dogs, I mentioned the fact a short while ago; there were some then as there were in 1929.

Mr. GIROUARD (Translation): There is very little sense shown in such a remark.

Mr. GOBEIL (Translation): If there is little sense shown the fault lies with the member for Bellechasse.

Such is the consistency of the upholders of Liberal principles.

Mr. ST-PERE (Translation): Is it not a fact that the hon. Mr. Devlin, a Liberal member, moved a resolution to that effect?

Mr. GOBEIL (Translation): I have been informed that according to the doctrine of integral Liberalism, so highly thought of by the hon. member for Quebec East, this is called "adapting oneself to circumstances." In our rural districts it is designated under another name. In this matter, the hon. member for Bellechasse, a legal luminary, conscious of his superiority over my humble self, thought he could, in the course of last summer, in his letters to the press, counter my thrust by displaying his contempt for me; and accordingly, in one of his letters, he could not find a more contemptible expression in speaking of me than that of "back country politician."

An hon. MEMBER (Translation): It was well deserved!

Mr. GOBEIL (Translation): I frankly state that I did not feel very much offended; however, in the back country to which the hon. member alludes and which he seems to so much despise, when a man says white one day and black the next day, as the Liberals did, in 1907 and 1933, on the question of bilingual currency, our "habitants", our country

folk—I myself being one—do not say that such a man "adapts himself to circumstances," but that he is a double-faced fellow.

I have had sufficient experience with the liberal press to expect that I shall be charged with playing politics...

An hon. MEMBER (Translation): That is apparent.

Mr. GOBEIL (Translation): ...when making these remarks. Therefore, I wish to state why I have taken such a stand. If I occupy a seat on your right, sir, it is because I have full confidence in the government, and believe that the conservative policy is most appropriate, especially, under present circumstances; it is because I think that the conservative policy as applied by this government, under the leadership of one of the most outstanding men of the British Commonwealth, is the only sound policy to follow in the crisis we are passing through; it is because I feel confident that the conservative policy is the only one which will pull us through this crisis without too much upsetting things.

Some hon. MEMBERS (Translation): Hear, hear!

Mr. GOBEIL (Translation): I wanted to make it plain, that even from the viewpoint of the French language and bilinguism, the conservative party neither has had in the past nor has in the present, any lesson to take or excuses to offer, as far as the record of the liberal party is concerned.

There is, sir, another aspect of the question to which I want to refer before closing my remarks, it is in connection with the French Canadian minority of this country. As in all countries where there exists a duality of language or race, the minority needs an independent press to uphold its rights. In order that such a press may fulfil its part, I readily recognize that it must have elbow-room and the right to criticize those who are false to the rights of this minority; however, may I add that it must give proof of its impartiality. To clearly state my point, I shall quote a concrete case, an example of impartiality! A few days after I had adjourned this debate, I received a communication from a group of young men of Montreal—I have no hesitation in stating that it was the same group who organized the meeting at Gésu, last autumn. These young men expressed their amazement at my adjourning this debate and wanted to know the reason. To justify their request, they quoted the comments of a certain newspaper, supposed to be free from any political alliance, which stated that this adjournment had no other purpose than to shut out all discussion on the motion or give it the six months' hoist. I immediately communicated to them some of the reasons which I gave the house, and which seemed to satisfy them. I am confident that this debate will prove that the comments of the newspaper in question were baseless. Nothing pleased me as much as this letter because it showed a sense of sincerity and a desire of being fair. I wish to point out to my province and race the means to which the press, supposed to be independent of party politics resorted, on this occasion. I do not do so to complain because I really think that it did itself more harm than it did to me. However, sir, if I had an advice to give them, it would be the following: if it wants to fulfil its part which is, I repeat it, very useful, it must be impartial in its criticism, so as to, at least, retain the respect of those with whom it differs.

Mr. POULIOT (Translation): This is the first time the Conservative party advocate a policy!

Mr. LAFLECHE (Translation): You never had any.

Mr. GOBEIL (Translation): It is unnecessary, sir, to repeat in French the remarks that I made in English, however, I wish to clearly state that I entirely approve of the principle embodied in the motion of the hon. member for Bellechasse. I shall vote for it because I have always been in favour of such a motion and I shall always be. I am convinced that even if Canadian currency becomes bilingual, nobody will suffer from it or be the worse off, no more so than we are by the fact of having bilingual postage stamps.

However, a contract was awarded for the stamping of a unilingual currency, for a period of five years, dated April 1, 1930. It was signed by the Liberal government which preceded this administration, when the whole French Canadian representation of Quebec sat on the government benches, yet, not one protested. To my mind, that was a mistake on their part. It behooved the leaders, the old parliamentarians, as I mentioned a short while ago, to rise in the house, as we do to-day, and request the government of the day to give the country a bilingual currency. If these hon. gentlemen failed in their duty, I state that they must bear the consequences and not lay the blame on this government. If I moved the adjournment of the debate—as I previously mentioned, I have no excuses to make and do not offer any—it was because this motion was the ninth on the order paper and no one expected it would be called so

soon. Moreover, the first remarks of the hon. member for Bellechasse admitted this fact. As I stated at the outset of my remarks, I think I have better served the cause of bilingualism by my moving the adjournment of the debate than the hon. member for Bellechasse did by his speech. Although a large number of our colleagues in the house are not conversant with the French language, a sufficient number are to understand the insults and affronts directed against a group of members by the hon. member for Bellechasse, and, sir, it was not in the interest of bilingualism that this motion should be discussed immediately after such an incendiary speech. I do not think that the cause has been the loser by this adjournment, on the contrary, I think it has gained. However, should the stamping of bilingual currency be delayed—although I know it must and will be established some day—the hon. member for Bellechasse must bear the consequence, because, in requesting the house to settle the question, he made it a point to rouse the passions, prejudices and race feelings which are inborn in the human heart. No doubt, had the discussion followed immediately, bitter terms would have been used which, to-day, is not to be thought of.

In closing my remarks, sir, I beg to request the government, when a new contract is awarded or a new issue of currency is authorized, to see that our currency bears the two official languages of this country.

I feel certain that it will be a further step towards promoting the "bonne entente" between the two great races of this country.

Mr. E. R. E. CHEVRIER (Ottawa) (Translation): Mr. Speaker, on January 30 last, the hon. member for Bellechasse (Mr. Boulanger) had the privilege of moving in the house the resolution under discussion.

In language most moderate, with a thorough knowledge of his subject enhanced by the genius of the French language which is at his command, the hon. member for Bellechasse moved his resolution in the house. After having accomplished his task in words which all those who are conversant with the beautiful French language could appreciate, the time came for some other member to continue the debate. The hon. member who has just taken his seat, unfortunately, resorting to means which the rules of the house do not permit me to impute to him, moved the adjournment of the debate, which is equivalent to giving it the six months' hoist. It would have been better for this gentleman had he never seen light, for the honour of his province and that of the French Canadians of Ontario, we who, on Ontario soil, have always fought to obtain the rights granted to us—

Mr. LAFLECHE (Translation): You represented Ottawa in 1929!

Mr. CHEVRIER (Translation): "Ne ultra crepidam." Cobbler, judge no higher than the sole!—and which the broadminded English people had always recognized. Therefore, the hon. member for Compton (Mr. Gobeil) shoved forward, as we do to marionnettes, by some interested party, requested the adjournment of the debate; to-day he is repentant. Fortunately for him, the right hon. Prime Minister (Mr. Bennett) being an experienced politician, realized the faux-pas of the hon. member for Compton, who had been ill-advised by some one who was ignorant of the rules of the house or had overlooked the danger of placing in his hands such an offensive or defensive weapon. Therefore, the right hon. Prime Minister moved that this day, Monday, be set aside for members' notices of motions, so that we might discuss the resolution of the hon. member for Bellechasse.

Mr. LAFLECHE (Translation): He himself suggested Monday.

Mr. CHEVRIER (Translation): Had it not been for this motion of the right hon. Prime Minister, I wonder what would have been, in Quebec, the result of the faux-pas made by the hon. member for Compton?

Mr. GOBEIL (Translation): Are you sorry that the resolution is again being debated?

Mr. CHEVRIER (Translation): No, not for a French Canadian hailing from Ontario who has a high regard for his language and the rights which have been recognized by this old and noble province.

Some hon. MEMBERS: Oh! Oh!

The ACTING SPEAKER (Translation): I would request hon. members to show some deference for the rules and the subject matter under discussion.

Hon. Mr. LAPOINTE (Translation): Hear, hear!

Mr. CHEVRIER (Translation): I thank you, sir. I do not expect those who are not, perhaps, able to appreciate the deference due to their colleagues, to understand that due to the rules of the house.

An hon. MEMBER (Translation): We must not be insulted!

Mr. CHEVRIER (Translation): The hon. member for Compton wishes us now to discuss this question after he himself and all his colleagues who sit to your right, sir, endeavoured to bury it, because they had not sufficient

courage, energy or respect for the French language to defend the language they learned on their mother's knees.

Mr. DUGUAY (Translation): Mr. Speaker, I would request the hon. member for Ottawa to withdraw the words he has just uttered. The rules of the house do not permit the hon. member to insinuate that; through lack of energy or pride or any of the reasons which he has just enumerated, we abstained from rising in the house to defend our rights. I ask the hon. member for Ottawa to withdraw such expressions.

The ACTING SPEAKER (Translation): I think the objection is well taken, inasmuch as the hon. member for Ottawa ascribes motives to the members on the right; he is bound to withdraw that part of his remark.

Mr. CHEVRIER (Translation): Mr. Speaker, I bow, with the best grace, to your decision, because I am aware of your impartiality.

Did any one, sir, rise on the Government benches to speak on this resolution? They were quite satisfied with accepting the motion for the adjournment of the debate, this will always be an indelible brand on the foreheads of those who, at present, are privileged, for a rather ephemeral time, to sit on your right, sir.

It may seem rather paradoxical to you, Mr. Speaker, that I whose mother tongue is French should express in the English language, and in this honourable house of all places, my views on the question now under consideration, and if I do it in that tongue it is because both the French and the English languages are the official languages of this bilingual country. It is because, under the terms of the federal pact, I am at liberty to use which ever one of those two languages I might prefer as the conditions and circumstances may warrant or as conditions and circumstances may guide me. But how much more pleased I should be, and how much better I could do justice to the cause which has been placed before you, Mr. Speaker, if only I were able, to use the language that I learned at my mother's knee.

With the spirit and with the purport of the resolution now before the house I have no quarrel; with that resolution I am in hearty accord. But I differ with my hon. friend from Bellechasse (Mr. Boulanger) to this extent: The operative clause of the resolution reads:

> Therefore be it resolved that, in the opinion of this house, in order to more clearly establish the distinctive character of the Canadian people and to better ensure its preservation, all state currency, notes or bonds should be in both official languages.

[Mr. Chevrier.]

I say that the character and the preservation of the Canadian people already have been clearly established and preserved by the terms of the federal pact, and that from that pact there flows the obligation upon the federal power to treat the French language in the same manner at all times as they treat the English language, more particularly in connection with any matter that may originate from federal control.

I shall base my argument for bilingual money on the terms of section 133 of the British North America Act. Construed in its most limited and restricted sense, and reduced to its simplest form, section 133 of the British North America Act means that all acts or actions emanating from the federal power when reduced to writing may be—note, "may" be—in either of the two official languages. I repeat, section 133 says that they "may" be in either of the two official languages. That means that when the federal authority in the exercise of its powers makes use of the English language, the French language may be similarly used for the same purpose.

It may be objected, although I trust it will not be, that that section is not imperative in its terms. With that contention I have no quarrel. But what difference is there between using the French language in any pleading or process—I am now quoting the words of section 133—which obviously are written documents, issuing from any court of Canada, and using the French language in conjunction with the English language on any paper money or coin printed, stamped, coined or issued out of the Royal Mint? Both the process and the coin or a dollar bill are issued under the federal jurisdiction by federal authority, and if there is any difference between issuing the process and issuing a dollar bill, then it ought all to be an argument in favour of issuing bilingual money, because the mint is now under federal jurisdiction and under the control of the parliament of Canada.

Why should it not be so? Do you answer, simply because it was not so explicitly stated in the bond, and that therefore the fathers of confederation did not think of it? No. I am quite satisfied that the fathers of confederation never had under contemplation the issuing of bilingual money. But there were many other matters the fathers of confederation had not in their minds when they drafted and approved of sections 91 and 92. The proof of that is that during all these years His Majesty's Privy Council has been functioning in an endeavour satisfactorily to interpret those sections. What the fathers of confederation contemplated was a united, pros-

perous Canada, a place where these two great races, proud of their ancestors and heritage, could forever live in peace, mutual understanding and respect, where the rights, principles, prerogatives and freedoms of the one would never be less or greater than those of the other. That, in my view, was the prevision of those great men whose love of country so dominated their minds that they could not be guilty of narrow-mindedness and unfair tactics.

I find that at page 937 of the debates of confederation Mr. Parker is reported as having said this:

I believe difficulties and embarrassments will grow up under this new constitution. I hope it will not be considered a finality but capable of amendment as time goes on. I sincerely trust that so far as its future defects may have their origin in matters of law, they will be redressed by wise, legal, and enlightened means, and so far as they may have their foundation in matters of sentiment or opinion, that they will be redressed by the cultivation of better and more fraternal feeling between the people of the different provinces. I trust and believe that by such happy means, although it is not now such a constitution as we can all approve, it may in the future be so modified and administered as to meet the requirements and expectations of the country, and that under it all the residents of these nine provinces may become one united, firm, prosperous and happy people.

Such was the vision, such was the dream, such were the hopes of the framers of the constitution. Is it for us to-day to say that those hopes, those dreams are not to be respected? After all, what was the intention of those who, in mutual respect and confidence, produced section 133? That section is to be found in the debates of confederation, this ponderous volume which has no index, but through which one must labour—as I did labour—through which one must read if one desires to learn about the sentiments of the fathers of confederation. This volume one must read if he wishes to find out what they had in contemplation. In view of the events of recent times, upon going through this ponderous volume one might be inclined to wonder at the paucity of remarks with reference to the status and the effect of the use of the French language in Canada. But, to one who has gone through the volume, to one who has laboriously read the lives and biographies of those who brought about confederation, one does not wonder that neither French nor English lost time to learn what the effect of section 133 would be. As gentlemen, as they were in those days, they simply wrote down in the book that so and so would be such and such; the French believed in the English, and the English believed in the French, and the paucity, yet the clearness of the language simply meant that while heretofore they had been chivalrous foes, now they were friends who understood each other. Their minds were in tune with one thought—a confederation wherein both races should be equal as to rights and privileges.

May I quote the words of Sir Hector Langevin as they appear at page 368 of the reports:

Under confederation there will no longer be domination of one race over another, and if one section should be desirous of committing an act of injustice against another section, all the others would unite together to prevent it.

Then he goes on to say:

This measure, as I observed a short time ago, cannot last unless it protects the interests of all. . . . What we desire and wish is to defend the general interests of a great country, and of a powerful nation by means of a central power.

Then Sir Hector Langevin goes on to explain what benefits he expects will accrue to this new nation by reason of the mingling of the mentality of one with that of the other, a nation wherein one people respects the thoughts and the rights, and challenges none of whatever may have been the rights, privileges or principles of the other. Sir Hector Langevin continues:

The confederation, I am perfectly convinced will afford the best possible guarantee for our institutions, our languages, and all that we hold dearest in the world; under its protection we shall be strong against the common enemy;

Perhaps the Prime Minister will listen to this:

We shall be strong against the common enemy; we shall advance rapidly in the way of prosperity, and when we withdraw from the arena it will be with the consolation of leaving to our descendants an inheritance worthy of a free people.

Then, at page 833 Mr. Harwood is reported as follows:

As to us French-Canadians and Catholics, what have we to fear from confederation? Our language, our rights and our privileges are guaranteed to us.

Our language, our rights, our privileges, are guaranteed to us. Sir John A. Macdonald said:

. . . it was assented to by the deputation from each province that the use of the French language should form one of the principles upon which confederation should be established, and that its use as at present should be guaranteed by the Imperial Act.

This may seem far fetched. But if the use of the French language is guaranteed in all these processes of law that may emanate from a federal court, whether issued on birch bark

or engraved upon steel, whether written upon parchment or upon paper, let us see what it means: Sir Hector Langevin says:

It was perfectly well understood at the conference of Quebec that the French language should not only be spoken in the courts of justice, in the federal parliament, and in the legislature of Lower Canada, but that precisely as is now the case, the Votes and Proceedings of the legislature, as well as all the federal laws and those of the legislature of Lower Canada, should be printed in both languages.

He continues:

These are the principles upon which the new constitution will be based, and I feel justified in going so far as to say that it was impossible to secure more effectually this essential privilege of our nationality and at the same time our civil and religious institutions.

Now, Mr. Speaker, we come to this peculiar point, Mr. Geoffrion, who was then the member for Vercheres, had raised the point that the proposed section was not explicit enough. I am just now meeting my hon. friends on the other side. Here was a member of the assembly who said: No, that is not explicit enough, do not trust to those people. He said that stronger language should be used so that in later years—

. . . we should not be told when we exclaim against that injustice (the failure fully to recognize our rights) "you should have obtained more full and complete guarantees, and you should have seen that the constitution was made more explicit and more precise on that point.

Does anyone to-day desire to say Mr. Geoffrion was right, in the light of the spirit that guided those men who brought confederation to pass? Does anyone desire to argue that because it was not stated from A to Z in the bond, we are strictly limited to the letter of the law? Does anyone desire to argue against the loyalty, sincerity and chivalry of those who prepared and executed that bond? Does anyone on the other side of the house desire to argue that the parties to the bond should have looked on one another and treated one another as sharpers, villains, cut-throats? That would be doing a fearful injustice to those men of courage, vision and fairness who loyally and with mutual respect, frankly and without reservation, executed a bond wherein they honestly believed they were writing what was to be the magna charta of Canada, and which was to do justice to all, to respect the rights, liberties and privileges of all. I submit that if it is our right to have issued in both languages writs, mandamus, habeas corpus or any processes out of federal courts, why should it not be equally our right to have the one dollar bill or the gold piece stamped or engraved in the two languages, more particularly now that the mint is under federal control? Just because that section was not made to contain all the ramifications that go with the protected rights and privileges, shall it come to pass that we are denied them? That just because that section did not contain all the usual conveyancer's phrases by which we lawyers are wont to express our thoughts, therefore all that is not included is excluded? That just because that section was not drawn to the tune of whereas and wherefore, and "right, title, interest therein and thereout, under, over, through or above" —because all that verbiage was not used, should the spirit of the law not be recognized? Mr. Speaker, if the souls and the spirits of those great departed were here in this chamber I am sure they would say that what I now express was in their minds at the time, namely that bilingual money is included in the language rights of that section, just as the sheaf of grain is in the seed that is placed in the ground.

It is perfectly true that in section 133 nothing is said about coinage. But let me read section 137 of another constitutional act, that of South Africa, another bilingual country:

Both the English and the Dutch languages shall be official languages of the union, and shall be treated on a footing of equality and possess and enjoy equal freedom, rights and privileges; all records, journals and proceedings of parliament shall be kept in both languages, and all bills, acts and notices of general public importance or interest issued by the government of the union shall be in both languages.

Sir, the statutes of South Africa are published in both languages, issued concurrently one with the other, on the left side the English, and on the right side the Dutch. What difference is there in spirit between section 137 of the South African constitution and section 133 of the British North America Act? In that act there is nothing said about publishing or printing or coining money. But, sir, it was my great privilege when I was in South Africa in 1924 to visit the royal mint there, and it was my greater privilege to be presented with specimens of the first coinage turned out by the South African mint in 1923. I now hold in my hand specimens of the coinage under section 137, wherein there is nothing said about money, but wherefrom the spirit emanates and radiates throughout South Africa and finds its expression in the national life of that country. What do I find? I have in my hand a South African gold piece which has a Latin inscription on its face. When I come to the shilling, however, I find that it bears this inscription: "South

Africa" and then "Zuid Afrika." On the other side of the coin I find: "Georgius V Rex Imperator." I go right down the line of the eight coins I have here and find that each one is inscribed in both English and Dutch, though section 137, to which I referred, makes no more and no less reference to the printing of coinage in both languages than I mentioned. I spent the last pound note I had in South Africa, and I spent it with pleasure, but even the paper money was printed in the English language on one side and in the Dutch language on the other.

I put this to you, Mr. Speaker: Is South Africa in any worse position to-day because, not only in theory but in practice, in mind and heart and soul it is a bilingual country? Is South Africa in any worse position because English and Dutch documents emanating from the central authority are printed in English and in the Dutch language? Is South Africa less loyal to the crown because it is a bilingual country? I have confidence in the descendants of those who were responsible for this great confederation; I am sure all of us in this parliament are imbued with the sentiments expressed at that time, of mutual respect, esteem and the desire for cooperation. Sir, may I say to you that no better gesture along that line could be made than the unanimous adoption of this measure, which in due time would result in our currency becoming bilingual.

Hon. MAURICE DUPRE (Solicitor General) (Translation): Mr. Speaker, I beg leave to express myself in the English language, because my friends on this side of the house, without exception, and all those from Quebec are well aware of my attitude on this question of bilingualism. In order that there be no misunderstanding, I wish to immediately state that I am in favour of bilingual currency such as advocated by my hon. friend for Bellechasse (Mr. Boulanger).

A motion similar to the one now before the house was moved by yourself, Mr. Speaker, on February 25, 1907, when as now you were the member for Montmorency, and I remember the two remarkable speeches delivered in this house on that occasion by yourself and by the distinguished member for Labelle (Mr. Bourassa). It matters not to me that on that unique occasion Sir Wilfrid Laurier, who was then in power with a big majority, and his party did not favour the motion. It does not matter to me whether from 1907 to 1911, and from 1921 to 1930, our Liberal friends did not display the same zeal for the cause of bilingualism that they are showing now when they are sitting on the cold benches of the opposition. I presume it was an oversight on their part; but the question for me is simply this: Is the principle of bilingual state currency, notes and bonds, a sound principle? My answer is yes.

What is the status of the French language at the present time? To answer that question I must go back to 1840. At that time, during the third and fourth years of the reign of Her Majesty Queen Victoria, there was passed an act, which is 3 and 4 Victoria, chapter 35, to reunite the provinces of lower and upper Canada. By this act the French language was prohibited, but this prohibition was lifted on August 14, 1848, by 11 and 12 Victoria, chapter 56. I should like to direct the attention of the house to that chapter. It is entitled:

An act to repeal so much of an act of the third and fourth years of her present majesty, to reunite the provinces of Upper and Lower Canada, and for the government of Canada, as related to the use of the English language in instruments relating to the legislative council and legislative assembly of the province of Canada.

This is how the statute reads:

Whereas by an act passed in the session of parliament held in the third and fourth years of her present majesty, intituled an act to reunite the provinces of Upper and Lower Canada, and for the government of Canada, it is amongst other things enacted, that from and after the said reunion of the said two provinces, all writs, proclamations, instruments for summoning and calling together the legislative council and legislative assembly of the province of Canada, and for proroguing and dissolving the same, and all writs of summons and elections--

I should like to direct attention to the following words:

—and all writs and public instruments whatsover relating to the said legislative council and legislative assembly, or either of them, and all returns to such writs and instruments, and all journals—

I should like to direct particular attention to the next words:

—entries and written or printed proceedings of what nature soever, of the said legislative council and legislative assembly, and of each of them respectively, and all written and printed proceedings and reports of committees of the said legislative council and legislative assembly respectively, shall be in the English language only: Provided always, that the said enactment should not be construed to prevent translated copies of any such documents being made, but no such copy should be kept among the records of the legislative council or legislative assembly, or be deemed in any case to have the force of an original record:

And whereas it is expedient to alter the law in this respect, in order that the legislature of the province of Canada, or the said legislative council and legislative assembly respectively,

may have power to make such regulations herein as to them may seem advisable; be it therefore enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and temporal, and commons, in this present parliament assembled, and by the authority of the same, that from and after the passing of this act so much of the said recited act as is hereinbefore recited shall be repealed.

I apologize for this long quotation. Summarizing, may I say that in the act of union the words, "all public instruments whatsoever relating to said legislative council and legislative assembly or either of them," embrace currency and the issue of bank notes; and the words, "all printed proceedings of what nature soever," also embrace currency and the issue of bank notes. Who, for instance, after the passing of 3 and 4 Victoria, would say that bilingual currency was not prohibited? If bilingual currency was prohibited by 3 and 4 Victoria, chapter 35, then did it not become non-prohibited, permissible, permitted, legal and constitutional when 3 and 4 Victoria was repealed? Would not the old Roman law maxim find its application here—"exclusio unius affirmatio alterius"—the exclusion of the one means the affirmation of the other.

In constitutional law does not the repeal of a prohibition render the thing prohibited permissible, permitted, legal and constitutional? Therefore may I not conclude that bilingual currency, having been prohibited by 3 and 4 Victoria, chapter 35, became permissible, permitted, legal and constitutional when 3 and 4 Victoria was repealed?

Thus stood matters before 1867. Then came the British North America Act, section 133 of which reads:

Either the English or the French language may be used by any person in the debates of the houses of the parliament of Canada and of the houses of the legislature of Quebec; and both those languages shall be used in the respective records and journals of those houses; and either of those languages may be used by any person or in any pleading or process in or issuing from any court of Canada established under this act, and in or from all or any of the courts of Quebec.

Paragraph 2 reads:

The acts of the parliament of Canada and of the legislature of Quebec shall be printed and published in both those languages.

So far as I know, 11 and 12 Victoria, chapter 56, repealing 3 and 4 Victoria, chapter 35 —and both are imperial statutes—was never abrogated; therefore the argument, I humbly submit, is this: that section 133 of the British North America Act simply enacted that thereafter English or French in certain circumstances should be optional, but that there should be an obligation to print in both English and French certain records, documents, acts, proceedings and so on. But what was already permissible, permitted, legal and constitutional, outside of article 133, remained as such. Not only were not 3 and 4 Victoria, chapter 35, and 11 and 12 Victoria, chapter 56, not abrogated by the imperial parliament, but I refer the house to article 12 of the British North America Act—I will not cite the whole article—where it will be seen that all powers, authorities and functions under any act of the parliament of Great Britain or the parliament of the United Kingdom of Great Britain and Ireland, and so forth—

—shall, as far as the same continue in existence and capable of being exercised after the union in relation to the government of Canada, be vested in and exercisable by the governor general . . .

In other words, if I put the right interpretation upon article 12 of the British North America Act, the statutes 3 and 4 Victoria and 11 and 12 Victoria were never abrogated. Then was enacted the British North America Act in 1867. Our forefathers intended then to take a step forward, not backwards, and Cartier and other representatives of lower Canada would never have given their consent to any pact which would have curtailed the rights of the French language.

Since 1867 the status of the French language has been as follows, I submit: first, obligatory as regards part of the enumeration contained in article 133 and optional as regards the rest of the enumeration; secondly, permissible, permitted, legal and constitutional outside the enumeration contained in article 133. But I would go so far as to say that very likely article 133 covers the case of bilingual currency and that bilingual currency is included in the enumeration of article 133. This is a matter for legal discussion; but speaking generally I do not think that the status, rights and use of the French language should be restricted rigidly to the letter of article 133 of the British North America Act. The use of the French language should be interpreted in the spirit of article 133. It should be encouraged and should be more widespread than the definition in article 133 seems to indicate.

Sir Robert Borden on one occasion, after citing this article 133, said, speaking of the French language:

I realize that in federal affairs both these languages occupy an official status.

These words will be found in Hansard of May 10, 1916, page 3692. May I then conclude that bank notes and state currency come within the definition of federal affairs, occupy an official status and therefore should be

bilingual. I would refer the house to two acts of this federal parliament; one is entitled An Act Respecting Currency, being chapter 40 of the revised statutes of Canada. Article 20 therein gives the governor in council the right to determine the dimensions and designs of any coin. If hon. members will refer to chapter 41 of the revised statutes of Canada, entitled An Act Respecting Dominion Notes, it will be seen that article 4 enacts that:

> Dominion notes shall be of such denominational values as the governor in council determines, and shall be in such form, and signed by such persons, two in number, as the minister directs.

May we not infer that the form, denomination and design are within the power of the governor in council or the minister, and therefore may be made bilingual?

This principle of bilingualism has been strikingly put into practice in our Naturalization Act, which states that an alien, in order to be eligible for naturalization, must know either the French or the English language.

By reason of our present constitution, Canada is essentially a biracial country. All Canadians are equal before the king and in the eyes of the law; all enjoy equal rights, civil and religious, and the father of confederation, Sir John A. Macdonald, has truly stated: "There is no conquered race in Canada". Speaking in the house on February 17, 1890, Sir John A. Macdonald declared:

> I have no accord with the desire expressed in certain quarters that by any mode whatever there should be an attempt made to oppress the one language or to make it inferior to the other.
>
> I believe that would be impossible if it were tried, and it would be foolish and wicked if it were possible. The statement that has been made so often that this is a conquered country is "à propos de rien." Whether it was conquered or ceded, we have a constitution under which all British subjects are in a position of absolute equality, having equal rights of every kind, of language, of religion, of property, of person.
>
> There is no paramount race in this country. There is no conquered race in this country. We are all British subjects and those who are not English are none the less British subjects on that account.

Confederation is a partnership and this is a bilingual country.

May I be permitted to add that the French speaking population of Canada has always taken a large and decisive share in our constitutional evolution. In the 1867 elections the issue was the confederation act which is to-day our magna charta. Ontario gave a slight majority of ten in favour of the project; the maritimes rejected it by a majority of fourteen, so that the English speaking population, outside Quebec, rejected confederation by a majority of four. Our province strongly supported Sir John A. Macdonald and Sir George Etienne Cartier in giving confederation a majority of twenty-five. This important stand taken by the French speaking element in 1867 made confederation possible. We chose then to become partners.

This was the third time we chose to become partners. The first time was in 1760 when the colony was inhabited by 60,000 French Canadians. The treaty of Paris and the Articles of Capitulation clearly stated that these inhabitants were extended by the British crown the privilege, if they so desired, of returning to France, their mother country. Article 26 states:

> If by the Treaty of Peace, Canada remains to His Britannic Majesty, all the French, Canadians, Acadians, merchants and other persons who choose to retire to France, shall have leave to do so from the British general, who shall procure them a passage; and nevertheless, if, from this time to that decision, any French, or Canadian merchants or other persons, shall desire to go to France, they shall likewise have leave from the British general. Both the one and the other shall take with them their families, servants and baggage.

This privilege was conceded by the word "Granted". Guided by their advisers, the parish priests, the French Canadians, Acadians, decided to stay in Canada and to become, of their own free will, British subjects. They chose Canada as their country and His Majesty George III as their king. They did so because they were granted freedom of trade, the right of ownership and, above everything, the safeguarding of their faith and their language.

A few years afterwards our forefathers had a second opportunity of changing their allegiance when the New England states rebelled against the British crown. They took up arms to defend Quebec, the citadel and walls of which encircled the last few inches of ground over which ruled the British King on the North American continent. May I say at this point that Sir Robert Borden, that most distinguished and esteemed Canadian statesman, in his work Canada and the Commonwealth, has this to say at page 67:

> Thus it is apparent that if the habitants or a considerable majority of them had joined the American forces, Quebec would have fallen and Canada would probably have been lost to Great Britain.

Sir Guy Carleton, an ex-governor general, stated that without the French Canadians it would have been utterly impossible to keep this dominion under the British crown. Therefore, for the second time the French Canadians chose to become partners. The third time,

as I pointed out a moment ago, was confederation. But this partnership will survive only if the rights and privileges of the two partners are interpreted in a broadminded way.

The reasons in favour of bilingual currency are the following:

1. We have in Canada the descendants of the principal pioneer races, the English and the French. This racial duality is at the basis of our constitutional evolution.

2. The French language has been recognized by the various political regimes from 1759 to 1867 and, by the constitution, is on a footing of equality with the English language.

3. Bilingualism properly accepted and applied will bring the two races more closely together and make for peace and harmony.

Many countries in the same position as Canada have bilingual currency; some have trilingual currency. I have in my hand different envelopes containing such currency. Belgium, for instance, has bilingual money, French and Flemish; that is envelope No. 1. France practices bilingualism in Tunisia, one side of the silver coins being in French and the other in Arabian; that is envelope No. 2. The same applies in Syria; envelope No. 3; and in Lebanon, envelope No. 4. At Hongkong the currency is in English and Chinese, envelope No. 5. In South Africa the currency is bilingual, English and Dutch, envelope No. 6. In Palestine, under the mandate of Great Britain, the currency is trilingual, English, Hebrew and Turkish, envelope No. 7. In Switzerland, the currency is trilingual, all currency and bank notes being in French, German and Italian, and this trilingualism in Switzerland does not prevent peace and harmony.

In Canada we have already had several bilingual bank notes. I have before me a photograph of the bank notes of La Banque du Peuple,—the Bank of the People,—issued in 1840. They are bilingual, being printed in French on one side and in English on the other. At the present time we have bilingual bank notes like the ten dollar and twenty dollar notes of La Banque Canadienne Nationale, and the Banque Provinciale du Canada, and I do not think any member of this house on either side would refuse a bilingual ten dollar note of either of those banks. Why should not Canada, one of the leading countries of the world, be broadminded? The further from civilization the more intolerance one finds, but the nearer to civilization, the more broadmindedness, moderation, fair play and tolerance.

Mr. IRVINE: May I ask my hon. friend a question?

[Mr. Dupré.]

Mr. DUPRE: Certainly.

Mr. IRVINE: Is there any law now which prohibits the banks from printing their notes in French?

Mr. DUPRE: No. Then at Geneva, the seat of international affairs, all the ambassadors, ministers, consuls and representatives of the various countries of the world understand, and speak or read, French in addition to their mother tongue. Yet because the British Empire and the United States of America represent one-quarter of the population of the globe it was decided that at the League of Nations there should be two official languages, English and French, although for centuries French has been the language of diplomacy and, if I may say so, the international language. Here in Canada we French speaking people are not one-quarter of the population but one-third, and besides we have in favour of the use of our mother tongue history, tradition and the written as well as the unwritten law. Should not Canada be just as broadminded as Geneva; and since Canada is bilingual and has already bilingual postage stamps and bilingual excise stamps, why should she not have bilingual money? And all the more so because she is one of the largest bilingual countries in the world.

A few years ago, Mr. Speaker, there was a big movement in favour of a bonne entente between the English and the French elements in Canada, and I remember perfectly well some remarkable speeches that were delivered in that connection in the city of Quebec. One of them described very eloquently the Montcalm and Wolfe monument as a lesson in forgetfulness, appeasement, cooperation and friendship. To our English speaking friends on both sides of this house, whether from the maritime provinces, from old Quebec or Ontario, or from the western provinces or British Columbia, I make this appeal: In the years to come Canada will always need Quebec. There in stormy days you will always find stability. Our language is part of our body and soul. We are attached to it just as we are attached to our faith. Let us unite and try to settle this question of bilingualism, keeping it above party lines and prejudices. Like the Wolfe and Montcalm column, let us make bilingualism a lasting monument of cooperation, friendship and practical bonne entente between the two pioneer races of Canada.

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, I was pleased to listen to the address of my hon. friend the Solicitor General (Mr. Dupré). The subject under debate is too

big, too great, too noble a question to be used as a pretext for the use of vituperative or offensive language against one's opponents. I am pleased indeed that no voice has been raised in this house in opposition to the resolution of my hon. friend from Bellechasse (Mr. Boulanger). May I add that in my humble opinion no voice could be successfully raised against the resolution.

As my hon. friend the Solicitor General has said, both languages are official in Canada. Section 133 of the British North America Act certainly stipulates that certain documents must be printed in both languages, but that does not mean that the two languages are not official for other documents. For all these other documents either language is official, and all the leaders of Canada since confederation have always recognized that. Confederation, indeed, would have been impossible had this principle not been recognized, as was stated so many times by Sir John A. Macdonald, and by those who followed him as leaders of the government of this country.

I might quote the words of Sir Robert Borden and of Sir Wilfrid Laurier on bilingualism, but here is what I want to say. It is ten o'clock, and this is the last day on which this resolution can be discussed this session. If I indulge in a speech and am followed by other members who speak at any great length we would defeat the very purpose of the resolution. I and those who support this resolution desire that it be carried, and I shall therefore confine my remarks to asking the house now to recognize in a practical way that the two languages are official in Canada, and, by carrying and putting this resolution into effect, do an act of justice which, though it may have been delayed, will be acclaimed by the whole people of this country.

Mr. C. N. DORION (Quebec-Montmorency) (Translation): I very closely followed and read the speech delivered in the house by the hon. member for Bellechasse (Mr. Boulanger), in support of his resolution.

To conform with the traditions of his party, it was from the opposition benches that he moved his resolution. Did not one of its most prominent leaders—for numerous are the leaders on the opposite side—give him a striking example, in the past? Who has forgotten the famous Lapointe motion in connection with the teaching of French in Ontario? It was in 1917. A liberal Prime Minister, of that period, was blotting out the last traces of French teaching in Manitoba. However, the Lapointe motion was not directed against that government, but rather against the Conservative government of Ontario.

A few years later a Dominion election placed the hon. member for Quebec East in power. But, how cruelly forgetful is the memory of the Liberal party patriots; although conditions complained of in 1917 were still existing, the Lapointe motion had been entirely set aside or abandoned on the hustings of Quebec. Nothing further was heard in the house about it, yet a conservative Prime Minister in Ontario was removing from the statutes of his province the famous regulation which had caused so much apprehension and alarm among Canadians of French extraction in Ontario.

I do not wish to be too severe towards certain hon. friends opposite and deny them the title given to them or rather which they appropriated to themselves in certain quarters, that of champions of the rights of Canadians of French extraction. As our people say: if they espouse the French cause when they are in the opposition, it is to a certain extent a matter of chance. They also say, in Quebec, that this resolution is now moved by the hon. member for Bellechasse, as a matter of chance, a mere coincidence.

Mr. BOULANGER (Translation): What difference does it make?

Mr. LAFLECHE (Translation): Neither did it make any on previous occasions.

Some hon. MEMBERS (Translation): Call in the members!

Mr. DORION (Translation): They harbour no thoughts of political gain or electioneering. All, in Quebec, are satisfied as to this. Moreover, the Liberals have as a party leader in Quebec a champion of French thought and ideals, Mr. Taschereau who, on the one hand, begged, not long ago, for decorations from the French government, while on the other hand, he appealed to the most bigoted prejudices in order to prevent our sons from going overseas to fight on French soil. I repeat it, our friends opposite harbour no thoughts of political gain. One recalls, moreover, with what vehemence they protested against Mr. Taschereau who, at the Ottawa Economic Conference, undertook, without consulting any one, to send a delegate, the member for Quebec South to represent the French Canadian province; and what a cry of indignation they raised throughout Quebec when they heard that Mr. Taschereau had entirely forgotten the French language in drawing up the memorandum placed at the disposal of the delegates by his government.

I trust that the glowing patriotism of our friends will not cool down and that they will soon obtain from the Quebec government the printing in both languages, of trade certificates issued by the provincial treasury.

I must say, sir, even if my motives differ, that I perfectly agree with the hon. member for Bellechasse on the principle of his resolution, and, I wish to briefly state the reasons which prompt me to support his motion and request my English speaking colleagues to do likewise.

The resolution of the hon. member for Bellechasse expresses the wish that our currency, in the future, instead of being unilingual may be bilingual; namely, that it should bear, in Canada and abroad, the stamp of the dual civilization from which has sprung the Canadian entity. Canada, by its origin, being a bilingual country formed by the union freely assented to by two great races, its currency should therefore bear both French and English inscriptions.

The arguments in support of this wish are numerous; while the objections which, heretofore, have been made against it are, to my mind, not very sound. The hon. member for Bellechasse quoted, the other day, the reply made by Mr. Fielding, formerly Finance Minister, under the Liberal regime, to a similar motion introduced by the hon. member for Montmagny (Mr. LaVergne)—a veteran of the French Canadian struggles, ever consistent in his stand.

The former Minister of Finance replied that such a reform did not seem to be sought by the people as a whole. What a strange way for a statesman to solve such an issue. Is it not the duty of a statesman to safeguard the interests of the people, solve automatically their problems and meet their wishes? When it is a question of balancing the budget, levying new imposts and taxing labour and wealth, do our statesmen wait until the people send in petitions?

If the Hon. Mr. Fielding came back to the house, perhaps, he would give the same excuse on being informed what is happening at the treasury office at Quebec. No, again I say, I do not think that any sound argument can be set up against such a resolution. The excuses given are worthless as compared with the advantages of moral and material order that our country would derive from such a reform.

What better advertisement in this country and abroad could we have than Canadian bilingual currency to emphasize the harmony which is supposed to exist here, to emphasize that treaties in this country have some value; signatures, an authority; the constitution, respect and loyalty.

The League of Nations, of which our country is a component part, has recently taken up the problems of Manchuria. Previously, the question of the Tyrol had been submitted to it. On some other occasion, minority questions will crop up, which it will have to study, just like the numerous other questions it has been called upon to deal with. Canada, itself may be called upon, one day or another to sit as judge and express its views. How absurd it would seem to other nations, if, here, in this country, we do not first begin by recognizing a minority, officially and legally acknowledged to be on an equal footing with the majority, by recognizing it not only in such an such a sphere but throughout all the activities of our national life.

But, one may object, on what statute do you base your contentions? Without, for the moment, referring back to the surrender of Quebec, in 1759, may I, sir, quote section 133 of the British North America Act, which the hon. Solicitor General (Mr. Dupré) and the hon. member for Ottawa (Mr. Chevrier) also quoted:

> Either the English or the French language may be used by any person in the debates of the houses of the parliament of Canada and of the houses of the legislature of Quebec; and both those languages shall be used in the respective records and journals of those houses; and either of those languages may be used by any person or in any pleading or process in or issuing from any court of Canada established under this act, and in or from all or any of the courts of Quebec.
>
> The acts of the parliament of Canada and of the legislature of Quebec shall be printed and published in both those languages.

Truly, I admit that no special mention is made about currency in the provisions of the act; but does that signify that our currency must be stamped in the English language, that it be only unilingual? Where is it mentioned, in connection with currency, that the English language enjoys more extensive rights than the French language? Why should a text be made out in one language and not in the other? The act does not provide that the official language in this country will be English, except in certain spheres and specific cases, or that the French language will enjoy equal rights. Not at all. The act stipulates that the two languages have official rights. However, it goes further. It even prescribes the use of the two languages in certain cases. Does that mean that it is prohibited to use the two languages on currency, because the act makes no such mention? I repeat it, the two languages have official rights because it is clear that, in the minds of the Fathers of Confederation, the use of the two languages constitute one of the characteristic features of Canada.

To those who may be tempted to state: If we place French and English inscriptions on our currency, who assures us that, to-morrow,

another nationality will not request us to add its language to the two others? We could, without any fear, show them the act to which I have just referred and which made Sir John A. Macdonald state, in 1890:

We have now a constitution which places all British subjects on an absolute equal footing, guaranteeing them the same rights as regards language, religion, property and individual rights.

One too often forgets that it was not the conquest which made of geographical Canada a political state; but that it was rather the wish of the two contracting parties, having nothing in common from the ethnical viewpoint, uniting, nevertheless, for a definite purpose, with the understanding that the characteristics, the national customs, of each race would be faithfully adhered to. The provinces existed before the dominion and it is with their co-operation that confederation was organized. Therefore, we may conclude that, even if the provisions of the act were silent in this respect, we would have to adhere entirely to the rights and privileges acquired at the time of the pact.

In 1867, all admitted that Canadians of French extraction had safeguarded their rights to the existence, the use and continuance of their language, and that it would be impossible in the future, either by deceit or force to blot them out as a distinct nationality or prohibit the use of their language.

The proof? You will find it not only throughout our rural districts, in the marvellous development of our schools and universities, faithful guardians and champions of our language, arts, literature, and our agricultural and industrial expansion, but you will especially find it in the recognition, without dispute, of the official acts of the British government in this country, since 1759.

Mr. ST-PERE (Translation): Let us vote!

Mr. DORION (Translation): "Superiority in arms and numbers does not entitle a nation to force its language on another people," was the statement by Mr. Etienne Lamy, in the city of Quebec, in 1912. The hon. member for Labelle (Mr. Bourassa)—to whom I wish to particularly express my gratitude for the battles he has waged in the defence of the rights of our language in this country—thus expressed himself in 1915:

At all periods of the world's history, most of the conquerors recognized the right of vanquished people to the use and preservation of their language.

Is it not the acknowledgment of this principle that we find in the act of the capitulation of Quebec, of which section 2 stipulated that the inhabitants are continued in the possession of their houses, property, chattels and "privileges." Moreover, section 42 of the capitulation of Montreal stipulates that the French and Canadians will continue to be governed according to the customs prevailing in this country. What other definition can be given to the word "privileges" if it is not the use and preservation of their national language?

Later, the Quebec Act of 1774 decreed that the Canadians could continue in possession and the enjoyment of their property, goods and chattels, and of their usages and customs as well as of their other civil rights.

The constitution of 1791, although creating two provinces, upper and lower Canada, makes no changes in the Act of 1774. It is, moreover, in keeping with that spirit—the spirit of the Quebec Act—that the instructions of Lord Grenville, Secretary to the Colonies, were given to Lord Dorchester, Governor General of Canada.

Mr. SEGUIN (Translation): Will the hon. member allow me a question?

Mr. DORION (Translation): Yes.

Mr. SEGUIN (Translation): Is it not a fact that the hon. member would render a greater service to bilingualism by allowing a vote to be taken than by continuing his speech.

Mr. GOBEIL (Translation): What a lot of jokers!

Mr. DORION (Translation): It is, therefore, undeniable that under all political regimes, since the conquest, the use of the French language has been recognized and its practice observed in all fields of national activities, even as regards our currency. If it be so recognized and if it should continue to be, the principle should apply all round, without exception. Is there anything which brings out more the ethical duality of this nation, the mutual respect of one race for another, the broadmindedness of the two, than the use of the two official languages on currency?

Our country, bilingual in the eyes of the law and the constitution, must equally be so in the eyes of a foreigner. It is, I repeat it, one of the fundamental principles on which confederation rests; this principle of equality between the two languages, establishes, therefore, not only its use in this parliament or before the courts, but also in all activities of our national life.

The French element in this country comprises about 30 per cent of the entire population. Almost one-fourth of Canada's wealth is located in Quebec.

Some hon. MEMBERS (Translation): Call in the members!

Mr. DORION (Translation): Our great river travelled over each year by hundreds of ships bearing the flags of all the nations of the world, stretches across the old French province of Quebec and notwithstanding their active part in the national life and trade with the foreigner, the Canadian of French extraction, is forced to use a unilingual currency, on which nowhere is advertised the important part it plays, the great endeavours he has made during three centuries, to safeguard the welfare, happiness and vigour of his country.

Our currency represents the amount of wealth there is in this country. But currency also represents something else, it is the outward symbol of the soul and characteristics of a people. If, according to circumstances, it has an intrinsic value, it is more particularly a symbol of the nation's wealth. But is it not for Canada a great asset to be inhabited by the descendants of the two greatest races in the world? Is it not an asset for this country to be able to draw from these two distinct nationalities the qualities which are inherent to them? Is it not an asset for a country to be able to give to the world an example of liberty, mutual respect, peace and harmony? Is it not a great asset for Canada to possess a duality of formation and character protecting her against the invasion of foreign ideas? Then why not advertise this asset abroad and even here by a bilingual currency?

Providence whose designs are unfathomable, decreed, one day, that the descendants of two great races should unite to build up a young but vigorous nation.

The past cannot be effaced or even ignored.

Nations have an heredity, a genius which is their own, a turn of mind characteristic of them; currency should therefore bring out this heredity, genius and turn of mind by displaying dual inscriptions.

In the past, the great leaders of the Conservative party recognized the rights of the French Canadian minority. They are the ones who, at all periods, have given the most perfect examples, in our political history, of their broadmindedness and conciliating spirit, because they were aware that it was necessary to the welfare of this country; they knew of no friction or cause of dissension among the races which inhabit it.

Mr. FERLAND (Translation): Is the hon member referring to Sir Robert Borden and the right hon. Mr. Meighen?

[Mr. Dorion.]

Mr. DORION (Translation): Permit me sir, to quote what Sir John A. Macdonald stated, this excerpt has often been quoted:

> Whether the country was conquered or ceded we now have a constitution by which all British subjects enjoy absolute equality and possess absolute equal rights in all matters: language, religion, property or person. There is no dominating race here; there is no vanquished race in the country. We are all British subjects and those among us that are not English are not the less British subjects.

May I add to this testimonial that of one of the best friends of our race, the right hon. Mr. Meighen:

Some hon. MEMBERS (Translation): Oh! Oh!

Mr. DORION (Translation): . . . who stated on June 4, 1926:

> Experience has proved that the traditions of our two great races cannot die, that they can very well live side by side without fusing or losing their character, and that there can be no question of the assimilation of one by the other. It is the first article of Canadian policy that the traditions of both races be respected, jealously, scrupulously, to maintain in harmony the constitutional rights of minorities, to encourage as much as possible the study of the two languages by our people and to disseminate also, with the understanding of our laws, the mutual understanding which we should have one for the other,—and this is far the most important.

I further add that of the distinguished leader of the Conservative party, the right hon. Prime Minister (Mr. Bennett):

> We have a difficult country to govern. It is immense; it is half a continent inhabited by a population numbering less than 10,000,000, descendants of two great races, and having different religions. Our constitution, let us not forget, is a federal union based on a contract entered into between two races and endorsed by the parliament at Westminster. This constitution grants to minorities certain fundamental rights. Whether these minorities inhabit provinces which are mainly Catholic or Protestant, matters little. These rights were granted unreservedly.

Let the statements of these eminent men serve as examples and a guide to the Canadian people, they will feel stronger and greater, when realizing that with them, liberty, tolerance and the spirit of respect for minorities are not vain words.

Mr. CHARLES BOURGEOIS (Three Rivers-St. Maurice): Mr. Speaker, I deem it my duty, not only as a Conservative but as a Canadian of French descent, to make a few comments concerning the motion of the hon. member for Bellechasse (Mr. Boulanger), which proposes that our coin shall be stamped in the French language as well as the Eng-

lish, and that a similar procedure be followed in connection with government bonds and paper money.

At the outset may I be allowed to express my amazement—and no doubt that of many other hon. members who feel as I do—concerning the present attitude of the hon. member for Bellechasse. It seems very strange that while the Liberal party was in power he did not deem it proper to make the motion we now have before us. Even had he been sure that his motion would have been rejected by the Liberal majority, he should have recalled to his mind the celebrated verse of the French poet, "L'effort est bien plus beau lorsqu'il est inutile"—the endeavour is much more beautiful when it is useless.

The words used by the hon. member in presenting his motion are such that they may arouse a hostile attitude in the minds of some English speaking members. I am well enough acquainted with the sense of justice and the spirit of fairness of English speaking members to know that they would readily vote in favour of any proposition which would be in accordance with our constitution and the vested rights of French Canadians. Moreover, I know they will take into account the part which in the past French Canadians have contributed to the national life and progress of Canada. I say however that we would not be wise to lead our English speaking fellow citizens to infer either from words or deeds that by that motion the French speaking Canadians intend to defy or disapprove any of their own beliefs.

Though I have definite views on this question, for reasons which I purpose laying before the house I must say I dissent from one of the reasons set forth by the hon. member for Bellechasse in support of his motion. I refer to his observations concerning the danger of Canadians becoming Americanized. At present we are on excellent terms of friendship with our neighbours, and it is necessary that our intercourse with them should remain cordial. In my humble view we should consider the legal aspect of the matter, and ascertain whether, keeping in mind not only the letter but also the spirit of the British North America Act this motion may be adopted.

In the first place I should like to draw the attention of the house to the fact that if the text of section 133 of the British North America Act relates to the use of both the French and the English language in the federal parliament and the Quebec legislature, one should not apply the old maxim of legal interpretation: "Inclusio unius fit exclusio alterius." In fact, the British North America Act does not contain any article or enactment concerning the stamping of our coins or the printing of our paper money or our government bonds. The only reference to our currency and coinage in the act is in subsection 14 of section 91, which states that the exclusive authority of the federal parliament includes the following matters, namely, "currency and coinage." No other words are added, and there is no statement to the effect that when exercising the powers contained in this section the federal parliament should use only the English language or both the French and English languages. Therefore if our colleagues of British descent are like their predecessors, and, in a most generous way, are ready to acknowledge the large contribution made by the French Canadian element to the birth, maintenance, safeguarding and development of Canada, our common and beloved fatherland, they have now once more an opportunity to show their natural broadmindedness. In other words, to use an expression with which they are more familiar, they have an opportunity to extend to us the principle of British fair play. No law forbids them to do so.

May I add that by so doing they would be acting in accordance with the spirit of the federal covenant of 1867, and would be following the example shown by the fathers of confederation. It may not be inappropriate at this point to quote the words of Joan of Arc, who said concerning her pennant: "It was where trouble was, so it is just that it should be where honour is." The same may be said of the French Canadians. They fought shoulder to shoulder and with equal bravery in the company of their English compatriots, and acquitted themselves honourably in the struggles and battles for the security of this land. May I be permitted to recall, following the hon. Solicitor General (Mr. Dupré) that during the American invasion of 1775 French Canadians as well as English Canadians victoriously repulsed the attacks of the armies commanded by Montgomery and Benedict Arnold? It was owing to the courage and skill of the French Canadians who escorted him that Governor Carleton succeeded in leaving Montreal, which the Americans had taken, and reaching Quebec, which was then the capital of Canada. In the war of 1812 our birth-right in liberty was preserved not only by General Brock but also by Colonel de Salaberry on the celebrated battlefield of Chateauguay, where with his well disciplined French Canadian voltigeurs about three hundred strong he defeated the Hampton American contingent of thou-

sands. It was in consequence of this that Sir Etienne Pascal Taché rightly declared in the legislature that the last gun that will be fired for British supremacy in North America will be fired by a French Canadian.

It is fitting that when speaking of Colonel de Salaberry one should recall also the meritorious services rendered to the British Empire by another French Canadian, Sir Percy Girouard, serving under Lord Kitchener in the Soudan. He has been described as a great civil servant, and was commended by Lord Kitchener himself as an officer of brilliant ability. De Salaberry fought for Canada, Girouard fought for the empire. And I may mention also that numbers of French Canadian boatmen went voluntarily to Egypt and the Soudan, forming part of the military expedition that went to the relief of Gordon of Khartoum in 1885. I am proud that most of those voyageurs renowned for their skill with the canoe came from my own constituency of Three Rivers, and from the constituency of my good friend, the hon. member for Champlain (Mr. Baribeau). Lastly everyone knows of the distinguished part taken by the French Canadians fighting under the British flag in the world war, at Ypres, Vimy, and especially at Courcelette. Therefore I say that the French Canadians, not only those of the province of Quebec but those of the whole Dominion of Canada, having shed their blood for this dominion and for the British Empire, are entitled, not as a favour but as a right, to public acknowledgment of their sacrifice by the use of their language upon the currency and coinage of the country, which was discovered and developed by their forefathers, which they helped to defend, and which they are still ready and will be ready to defend to the last ditch. Not only do they pay their share of the duties and the taxes necessary to the maintenance and progress of this country, but they have contributed their full quota of the blood required for its defence against the foreign invader and in order to keep it free under the British flag. I may add that there is no more incongruity in having French words on our currency and coinage than there is in having on the royal escutcheon of England since the days of Richard the Lionhearted, the French motto, Dieu et mon droit.

Moreover, let us hope that the part taken by the French in the obtaining of our parliamentary rights, and especially in the framing of our present constitution, shall never be forgotten. Anyone acquainted with our political history, if fairminded, will acknowledge that Sir George Etienne Cartier, a thoroughbred French Canadian, was a dyed in the wool Canuck, as much as his colleague and trusted friend, Sir John A. Macdonald, the promoter of our federal system. On this point I beg to quote Sir Joseph Pope, from his work The Day of Sir John Macdonald, at page 42:

Sir George Etienne Cartier was a man who devoted his whole life to the public service of the country. He was truthful, honest and sincere and commanded the respect and confidence of all with whom he came in contact. Had it not been for Sir George Cartier, it is doubtful whether the dominion would exist to-day. He it was who faced at its inception the not unnatural French Canadian distrust of the measure. It was his magnificent courage and resistless energy which triumphed over all opposition. Confederation was not the work of any one person, Macdonald, Brown, Tupper, each assuredly played the indispensable part; but assuredly not the least important share in the accomplishment of that great undertaking is to be ascribed to George Etienne Cartier.

Again, I beg to quote, from John Boyd's book on Sir George Etienne Cartier, the following statement which will be found at page 299:

The supreme merit of George Etienne Cartier is that from the time the question was first pressed to the fore as a practical issue in Canadian politics, he strongly and persistently advocated confederation, that as Prime Minister of United Canada, he was the first to make the question an administrative one and thus to bring it before the Imperial authorities, that thereafter he consistently advocated both in and out of parliament, and that through his alliance with George Brown, the practical realization of the project was made possible. By insisting upon a federal instead of a legislative union, he not only safeguarded the rights and interests of his compatriots, but assured the success of confederation as a whole. Without Cartier, it would undoubtedly have been impossible to secure the adhesion of Quebec to the union and without Quebec, confederation would have remained a splendid dream but nothing more. When confederation was decided upon by the delegates of the various provinces, Cartier in the face of the strongest and most determined opposition, never wavered in his support, but pursued his course until the great design was accomplished. It was with pardonable pride that on the first Dominion day George Etienne Cartier emphasized the fact it was he who as Prime Minister of United Canada first made confederation an administrative project to the foot of the throne.

And on the same topic, I hope our colleague, the hon. member for Labelle (Mr. Bourassa), will allow me to quote what he said in the speech he made at a Dominion Day banquet in London, July 1, 1914:

It should not be forgotten that if Cartier's cooperation made confederation possible, it was because Cartier was able to point out to those of his race and creed that the law which made it impossible for a worthy people to live on a

footing of equality with the other nationalities and races of the British Empire was past; and confederation meant not only an agreement entered into between the representatives of three or four scattered colonies of British North America but something much more, it meant something of far greater consequence, not only in Canada but throughout the world. It meant that at last on the northern continent of America the descendants of two great nations and races which had disputed the power of trade and war all over the world had found a ground of agreement, of mutual respect and equality before the law and under the prestige of the British crown. No confederation could have endured unless the basic principle was acknowledged for all time to come, that in the Dominion of Canada there was not only an English speaking community, but primarily and before all, a community of Anglo-French preserving the traditions, the noble traditions, the illuminating thoughts and aspirations of those great nations who have done so much to make the world what it is.

All these quotations show that it was Sir George Etienne Cartier who most effectively contributed to finding the remedy for the violent strife which existed between parties before 1867. He found that remedy in the formation of a larger unity. It was largely owing to his endeavours that the four provinces effected a confederation which was soon to embrace half the continent from ocean to ocean.

A true pact could describe Canada's relation to Great Britain and the world in the following words of Rudyard Kipling:

> A nation spoke to a nation
> A throne sent word to a throne:
> Daughter am I in my mother's house
> But mistress in my own!
> The doors are mine to open
> As the doors are mine to close
> And I abide by my mother's house
> Said our Lady of the Snows.

During his visit to London Cartier attended the inaugural dinner of the Royal Colonial Institute, where he was the guest of honour. Replying to the toast "The Colonial Parliaments," he said:

> I had the honour to be presented to Her Majesty, when she graciously gave me an invitation, ten or twelve years ago, to go to Windsor, and Her Majesty was kind enough to interrogate me about the French Canadians. The shortest definition which I could give—because you must always be brief to royalty—was that the French Canadians, as well as myself, were Englishmen speaking French.

If that be true, why should not their language appear on Canadian currency, coins and bonds? If Sir George Etienne Cartier and his bosom friend, Sir John A. Macdonald, were here to-day, is there any doubt as to the position they would take on that question? It seems to me that they would cast their vote in favour of bilingual money. They always stood for right and justice; let us do the same. But our right to fair treatment, our right to equality, does not rest only on the important part taken by Cartier in the framing of confederation. Who may deny the deeds of our discoverers and our missionaries?

Someone has objected that if parliament should grant to the French Canadians what is claimed by this motion, the same right might be claimed by other ethnical groups, such as the Germans, Russians and Scandinavians who have settled in our western provinces. But none of these groups are either historically or otherwise in the position of the French speaking element, the men whose ancestors discovered this country, colonized it and fought in its defence.

The French Canadian has shown his courage and capacity not only as a soldier but also as a farmer. Being firmly attached to the soil, which he has fertilized by his work and his sweat, and a faithful upholder of Christianity, the French Canadian is a strong rampart to repulse the attacks of communism and socialism. I believe it is in the interests of the English speaking people of this country to strengthen the bonds between themselves and the French speaking community for the French Canadian is a great believer in religion and in property rights. I think I can say without fear of contradiction that the best bulwark against communism and socialism is the French Canadian population, because of its religious beliefs and its racial and family traditions.

Some may find fulsome this enumeration of the merits and glories of the French Canadian race; some may think I have endowed them with qualities too numerous and too resplendent, but I hope they will forgive the perhaps excessive admiration I feel for this land, mine and my forefathers' for ten generations. A child never tires of contemplating the ever young features of his beloved mother. This Canadian soil which we now claim as our common country was discovered and settled by our forebears, the French Canadians, whose astonished eyes were the first to gaze upon its primitive beauty and who were the first to admire its mantle of soft ermine or its robe of glorious verdure. It was a French Canadian, Hebert, who traced on its generous soil the first furrow and sowed the first seeds, the origin of our first wheat crop. They were Frenchmen who with sturdy hands swung the first axe and notched the Canadian maple tree from which flowed the sap, our maple syrup, a nectar comparable to the ambrosia of the gods. The banks of our rivers and the depths of our forests echoed for the first time the songs of our canoers and coureurs des bois,

A la Claire Fontaine, Alouette, A Saint-Malo, Beau Port de Mer, En Roulant ma Boule, and so many other charming refrains brought to our shores by our forefathers. The French were the first to offer to God from this land a prayer of thanks. In all the wars in which this country has been concerned the French Canadian has fought side by side with his English Canadian comrade. With him he suffered from cold and hunger in the dismal trenches of Flanders, Artois and Picardy, for the triumph of civilization and the defeat of German oppression. Together they strove to promote peace, to develop our industries, to encourage agriculture, to foster art, literature and science. From every angle he can rightfully say of Canada, "Here is my domicile, my abode and my home." Why then, Mr. Speaker, can there not be on the door of his domicile, at the very threshhold of his home, an indication, a card, a sign attesting that he shares this domicile with his fellow citizen and comrade, the English Canadian? How can this be better expressed and broadcast, both here and in foreign lands, than by a French inscription in conjunction with an English inscription on our currency, state notes and bonds? This is all we request: A simple act of justice.

Some hon. MEMBERS: Question.

Mr. ONESIME GAGNON (Dorchester): Mr. Speaker, I am really bewildered and amazed to realize that hon. gentlemen opposite are now using all their efforts to prevent us from expressing our views on this national issue.

Mr. CHEVRIER: May I ask the hon. member a question?

Some hon. MEMBERS: Order.

Mr. SPEAKER: With the permission of the hon. member who has the floor a question may be asked; otherwise it may not.

Mr. CHEVRIER: May I ask the hon. member how we are trying to stop him from expressing his views?

Mr. SPEAKER: I would ask hon. members on my immediate left kindly to conform to the rules of the house and maintain order.

Mr. GAGNON: For the last four weeks we have heard our Liberal friends disseminating the propaganda both in and out of this house that the French Conservative members were going to betray their principles on this important question. Now that they have accused us of being deaf they want to prevent us from letting our people know our views, though hon. gentlemen opposite have expressed their own convictions. The hon. member for Quebec East (Mr. Lapointe) said he did not want to speak for very long because he wished a vote to be taken. No members on this side of the house will prevent the taking of a vote, but this afternoon hon. gentlemen opposite voted against adjourning a debate which was taking place because they thought they might prevent us from expressing our views on that question.

I desire only about five minutes of the time of the house, Mr. Speaker, in order to say that we are all in favour of the principle underlying the motion now under consideration. Since 1907 we have had in this country bilingual money orders, postal notes, postal cards and excise and postage stamps. This act of courtesy, justice and generosity from the English speaking majority has given a great deal of satisfaction to Canadians of French descent, and I feel sure that English speaking members of the house will admit that no prejudice has ever been caused the English majority of the country in permitting revenue stamps as well as stamps of the Postmaster General's department to bear legends or inscriptions printed in the respective languages of the two great races which have founded this great dominion. The bonne entente between the two great races is becoming more and more cordial. Some people may think that it is not a matter of importance that stamps and bank notes issued by the dominion should have their inscriptions printed in both French and English. May I say however that stamps and coins may be more or less the outward expression of the traditions and aspirations of a nation. Ought they not therefore in a certain way to reflect the soul of the people? If they are printed in one language only, will foreigners understand that there are in Canada three million French Canadians, people of French origin and civilization? Will not strangers be led to misjudge the true characteristics of the Canadian people if the legislators have not seen fit to embody in stamps and coins the legends and inscriptions in the languages spoken by the two great races which live in Canada? Who can prevent the work of four centuries of French civilization from having impressed its stamp upon Canada? The French civilization with its old historical background is impressed upon Canada by its old Norman houses, its churches with their lofty spires, its spirit of hospitality and fraternity, its rich language, its folklore, its poetry and literature and the charming smiles of our women. The four million French speaking people in Canada ask you, sir, not to be ashamed of letting the world at large

recognize the dual civilization which enriches the Canadian life and makes it different from that of our neighbours to the south, and for that reason they ask you not to object to the printing of French inscriptions on our coins and bank notes.

When a bilingual stamp is affixed to a letter going abroad, to South Africa, India, China or Australia, this small square piece of paper bearing only two words, one in French and one in English, tells the whole world that here in Canada, this wonderful country of ours, French and English are living together side by side, imbued with the traditions and aspirations of their respective civilizations. This small square paper bears witness to the whole world that here French and English people understand one another, that they are real partners and brothers united in the achievement of the work begun by the fathers of confederation, and when this same small square piece of paper is affixed to a letter going from one province to another it is in one sense a message of peace and goodwill and harmony between the races of this dominion. May I ask this house to perform a further act of courtesy and generosity and justice in permitting that on all our mediums of exchange, gold, silver or bank notes, inscriptions be printed in French and English?

I will be as brief as possible, Mr. Speaker. In this time of depression, the legislators of the whole world, notwithstanding unalterable devotion to the public duty, cannot find a way to give in one way the necessary bread to all the needy; but, sir, how fruitful will be their efforts if at least they succeed in contenting their souls. The happiness of a country is not achieved only by the wealth of its population, but also by the moral satisfaction that the aspirations of all races living in this great dominion have been fully satisfied. In this spirit, Mr. Speaker, and extending to my English speaking colleagues of all parties a friendly hand, I ask that in the spirit of brotherhood they vote for the motion.

Mr. F. W. TURNBULL (Regina): So far as I am concerned personally, I have every respect for the desire of the French speaking people of Canada to use their own language. It is a language which in many ways is admirable, and I would be one of the last of those in this country to suggest of any member or person in this house that he should not be permitted to use the mother tongue of his original nationality. There are, however, differences of opinion as to whether or not it is wise to press a motion of this kind at the present time. In the first place, it is a motion calculated, whether intentionally or not, to arouse in this country certain sentiments which under present conditions should not be aroused. If there ever was a time in the history of Canada when we should abandon any questions which are liable to create racial friction among the people of the dominion, that time is now, when we should be united for the economic salvation of the country.

Mr. LAVERGNE: What sentiments?

Mr. TURNBULL: I might direct the attention of my hon. friends who have supported the motion to the fact that in 1841 in the legislatures of this country the French language had no standing. In 1844 however the right to use the French language was admitted in the parliament of the united colonies of upper and lower Canada. As a matter of contract among the then existing provinces in Canada, the rights and privileges of the French language in Canada were crystallized into a contract among the provinces, which was afterwards given statutory recognition by the British North America Act. May I remind my hon. friend that this country of Canada is founded on the British North America Act and that as well as conferring privileges, if I may call them so, on the people of the French speaking race, it also confers privileges on the English speaking race. The bed-rock of the rights of minorities, whether racial or religious, is in the British North America Act and its terms, and may I remind minorities in this country that when they start to sap the foundations of that act, which is the charter of their rights and liberties, they are treading on very dangerous ground because, if the British North America Act may be changed at any time to suit certain classes of people, it may be changed at other times to suit other classes. An extension of any rights that are given to minorities under that act, except by agreement among the provinces themselves who were parties to it, leaves it open to a majority at any time to make changes in that act or to extend the rights that are given under it. In making those statements I am not taking any new ground; I am simply adopting ground that was taken by gentlemen who occupied seats in this house long years before I did.

Mr. POULIOT: Two minutes left.

Mr. TURNBULL: This is not a new question in the parliament of Canada. Various matters of this kind have been before our people at many stages of our history. Back in 1890, if hon. gentlemen will consult Han-

sard, they will find records of very long and acrimonious debates on the subject of the rights of the French language in the Northwest Territories which are now the provinces of the west. They will find there motions to amend the Northwest Territories Act; they will find many amendments moved with respect to those particular motions and they will also find there a debate which I hope will never be repeated in the parliament of Canada because it was very acrimonious and bitter on both sides. That debate reached a point where something had to be done. At that stage, at the instance of Sir John A. Macdonald, Sir John Thompson for the Conservatives and the Hon. Edward Blake for the Liberals got together and drafted a resolution which was satisfactory to both. That resolution received the approval of Sir John A. Macdonald and Sir Wilfred Laurier, who voted for the amendment proposed, which was to the effect that this parliament of Canada declares its adherence to the terms of the British North America Act.

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

Tuesday, February 28, 1933

The house met at three o'clock.

UNPARLIAMENTARY LANGUAGE

Mr. SPEAKER: During the debate last evening on the resolution moved by him, the hon. member for Bellechasse (Mr. Boulanger) interjected the remark "Merci pour le baiser de Judas." I am of the opinion that the remark was not directed at the hon. member for Regina (Mr. Turnbull), who was about to rise to speak, nevertheless, it was unparliamentary and should not have been made. May says:

> A member should say nothing disrespectful to the house or the chair or personally opprobrious to other members, and the use of temperate and decorous language is never more desirable than when a member is canvassing the opinions and conduct of his opponents in debate.

The use of contemptuous or insulting language at any time is improper.

I should like to quote from Cushing, ninth edition, chapter 10, paragraph 1736, the following, which seems very appropriate:

> The offences against order in debate, which are the subjects of the rules embraced in this chapter, not only imply a great want of respect in the persons by whom they are committed, towards the body of which they are members, and are therefore virtual if not actual contempts, but they are also calculated to degrade

> the legislature and its members, and the existing institutions of the country, in the estimation of the people. They are never necessary, for the most radical reform, in the power of the legislature, can be effected without resorting to such means; they tend as strongly as words of heat and anger towards individual members to produce altercation and recrimination; and they should be as promptly suppressed as any offences whatever against the peace, dignity, and harmony of the legislature.

I am to-day directing that the said remark of the hon. member for Bellechasse and all references to it be removed from the report.

BANKING AND COMMERCE

Second report of the select standing committee on banking and commerce.—Mr. Matthews.

AGRICULTURE COMMITTEE

Mr. M. C. SENN (Haldimand) presented the first report of the select standing committee on agriculture and colonization and moved that the report be concurred in.

Motion agreed to.

WORLD ECONOMIC CONFERENCE

Right Hon. R. B. BENNETT (Prime Minister): I beg leave to lay on the table copies in English and French of the draft annotated agenda submitted by the committee of experts on the Economic and Monetary conference and to move that 700 copies in the English language and 300 copies in the French language of the draft annotated agenda of the Economic and Monetary conference laid on the table of the house this day be printed forthwith and that standing order 64 in relation thereto be suspended.

Motion agreed to.

UNEMPLOYMENT RELIEF

Mr. GORDON: I desire to lay on the table of the house certain orders in council passed pursuant to the relief legislation.

RAILWAY ACT AMENDMENT

Mr. S. W. JACOBS (Cartier) moved for leave to introduce Bill No. 39 to amend the Railway Act (return tickets).

Some hon. MEMBERS: Explain.

Mr. JACOBS: Mr. Speaker, this bill is similar to one which I have introduced into the house five or six times since 1917 when I had the honour to become a member of this house. The conditions under which this bill is being presented are somewhat different from what they were in the past, and I have hopes that the higher intelligence of this

house may in its comprehensive wisdom enact the bill into legislation. It is all contained in one paragraph which reads as follows:

A return ticket issued by any railway company between any two points in Canada shall be accepted by any other railway company whose line runs between the same terminals.

Motion agreed to and bill read the first time.

CANADIAN NATIONAL–CANADIAN PACIFIC RAILWAY BILL

Hon. R. J. MANION (Minister of Railways and Canals) moved the first reading of Bill No. 37 (from the Senate) respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific Railway system, and for other purposes.

Some hon. MEMBERS: Explain.

Mr. MANION: Mr. Speaker, the bill will require a very brief explanation. As has been stated, it is based on the report of the royal commission on transportation, commonly known as the Duff commission. It contains three parts: Part 1, A, the appointment of three trustees instead of the seventeen directors; B, control by the trustees of the annual budget; C, the appointment of auditors; D, the making of the annual report. Part 2 provides for cooperative arrangements between the Canadian National and the Canadian Pacific, and part 3 provides for arbitration before arbitral tribunals in the event of disputes arising between the two railways regarding cooperation.

Mr. CASGRAIN: Is that a government bill?

Mr. MANION: I should think so. I am still a member of the government.

Motion agreed to and bill read the first time.

LUMBER EXPORTS TO BRITAIN

On the orders of the day:

Mr. W. HANBURY (Vancouver-Burrard): I should like to ask the Prime Minister whether he can tell the house what progress is being made with the government of Great Britain in connection with the marketing of Canadian lumber in that country.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the hon. member was not in his place or he would have heard what was said on a previous occasion. The treaty arrangements covered by a protocol between Great Britain and Russia have been terminated by notice and expire in the month of April next, and until such termination the British government can take no action in the premises; that is, should there be need for further consideration by reason of unfair competition, the means are not available for action until after the expiration of the six months' notice in April next. Until that time it is obvious that no action can be taken other than that taken by those who have the product to sell and endeavour to sell it. If they succeed, well and good; if they do not, they have not sold their product.

BRITISH COAL IMPORTATIONS

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): Can the Minister of Labour give us any information as to the steps that have been taken or the progress that has been made in checking the importation of British coal into British Columbia, where it is brought out by ballast to the detriment of our local mines?

Hon. W. A. GORDON (Minister of Labour): I believe some British coal has come into the city of Vancouver, but whether it is in ballast or not I do not know. The whole question is under review by my department, and at the moment I cannot express any view because the amount of the shipments, the conditions under which they come in, and the extent to which they come into competition, fairly or unfairly, with Canadian fuels is not yet apparent.

PENSION LEGISLATION

On the orders of the day:

Mr. C. G. POWER (Quebec South): May I ask the Minister of Pensions and National Health if it is proposed in the near future to bring down legislation based on the report of the committee which was recently appointed to investigate pensions administration?

Hon. MURRAY MacLAREN (Minister of Pensions and National Health): I gave the information a few days ago, and the hon. member will find it in Hansard. However, to save him the trouble of looking it up, I might say that it is likely that legislation will be introduced.

TADOUSSAC-BAIE ST. CATHERINES

On the orders of the day:

Mr. P. F. CASGRAIN (Charlevoix-Saguenay): May I ask the Minister of Trade and Commerce if he is aware of the fact that the ferry service between Tadoussac and Baie St. Catherines is being operated only once a day

instead of twice a day as stipulated in the contract, and if there is any reason for such curtailment of the service?

Hon. H. H. STEVENS (Minister of Trade and Commerce): I shall look into the matter.

SALARY DEDUCTION ACT

PROPOSED CONTINUATION OF DEDUCTION OF TEN PER CENT FROM INDEMNITIES AND SALARIES

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 38, to amend the Salary Deduction Act, 1932.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sullivan in the chair.

Section 1 agreed to.

On section 2—Act to continue in force until March 31, 1934.

Mr. RHODES: When in committee on the resolution on February 24, the hon. member for Gloucester asked a question. I replied that when we reached committee stage on the bill I should be pleased to answer. Probably at this time the hon. member would be good enough to repeat his question.

Mr. VENIOT: My question was this: If a civil servant retires in 1934 or 1935 will his pension be based on full salary, plus statutory allowances for 1932, 1933 and 1934, or will it be based on salary minus ten per cent, and minus statutory increases to which he would be entitled if this law had not been passed?

Mr. RHODES: The hon. member will recall that on the former occasion I answered part of his question. The superannuation of a man such as he has described would be based upon the authorized salary he had received at the time of his retirement. As a matter of fact I find upon inquiry that in actual practice there are very few, if any, cases where civil servants retire before reaching the maximum of their classes.

Mr. VENIOT: Supposing a civil servant should retire through illness, but has not yet reached his maximum, how would the minister handle the case?

Mr. RHODES: I have no doubt the hon. member is labouring under the misapprehension that under the law a civil servant is entitled to his statutory increase, as a matter of course, That is not the case. There must be a recommendation from the department, and approval by the Civil Service Commission. There have been cases where statutory increases have been withheld not only from individuals but from the whole service. In the year 1896 the government of the day followed that practice. It passed a regulation to the effect that there should be no statutory increases for the year.

Mr. VENIOT: I am well aware of the fact that statutory increases cannot be granted except on recommendation. But in a case where there is a recommendation, and there is nothing against the individual, that individual is entitled to a statutory increase. In the present instance however statutory increases have ceased, and of course the minister is quite correct when he states there need be no recommendation to council to do away with them. However withholding the statutory increase is an arbitrary measure through which the man's salary is very much decreased. I should like to know this: Will the statutory increases which he did not receive for these years be considered when superannuation is under consideration?

Mr. RHODES: The answer is no. The hon. member for North Winnipeg (Mr. Heaps) submitted a question concerning the number of employees affected. While in committee on the resolution I did not wish to give an offhand answer, but I can tell him now that the number is 60,000.

Mr. HEAPS: Has the minister the classifications?

Mr. RHODES: I have before me the classifications submitted to the Beatty commission. They are as follows:

$1,200 or less	16,408
From $1,201 up to $2,000	22,745
From $2,001 up to $3,000	6,123
From $3,001 up to $4,000	1,575
From $4,001 up to $5,000	461
Over $5,000	215
Salary not stated	34

To that total list must be added about 13,000 persons including revenue postmasters and casual employees.

Mr. ILSLEY: The minister was to give me some information about those employees who are paid partly in cash and partly in kind.

Mr. RHODES: I do not know that I have any information to add to that which I gave the hon. member when we were in committee on the resolution. I find the answer I gave on that occasion is correct. Where an allowance is regarded as a portion of salary and is so treated for purposes of superannuation, then that allowance, whether it be in kind or in money, is subject to reduction.

Mr. ILSLEY: I wish to repeat, as earnestly as I can, that that ruling by the treasury board violates, I submit, the most elementary principles of common justice. I do not know that I can add much to what I said the other day, but I must say that this is a matter affecting hundreds, perhaps thousands, of employees in Canada. It affects those employees who are getting paid partly in cash and partly by the furnishing of a house, by rations or something else other than cash.

Mr. VENIOT: It affects every country postmaster.

Mr. ILSLEY: Yes. Some hon. members will realize how little justification there is for this ruling. One of the grounds urged in justification of the Salary Deduction Act is that during the last few years the cost of living has gone down by at least ten per cent. If we take the case of a civil servant who is being paid partly in cash and partly by furnishing living quarters, we must realize that the value of the living quarters is less than it was. It has gone down at least ten per cent. Yet by the action of the treasury board in making a deduction of ten per cent of the value of the living quarters from the part paid in cash, the government is keeping the charge for the quarters up to the amount it was before the reduction.

Let me put the case in a way which will be understandable by every hon. member. Let us consider the car allowances to ministers. The amount received by ministers for sessional indemnities and as ministerial salaries totals $14,000 each. They receive a car allowance of $2,000. As I understand the circumstances, the salary deduction legislation makes a deduction in both instances. The minister will correct me if I am wrong.

Mr. RHODES: That is right.

Mr. ILSLEY: Instead of $2,000 for car allowance, under the salary deduction legislation ministers receive only $1,800, and everyone knows that is enough if $2,000 was enough, because it is the common experience of every member of this house that the charges for taxicabs and the like have gone down at least that much during the last two or three years. Now suppose that a change were made in the system, and the government, instead of paying a car allowance to the ministers, supplied them with cars, does anyone pretend that the deduction from the $14,000 should be $1,600? The deduction from the $14,000 should be $1,400. That would be the only just ten per cent deduction that could be made. The other $200 has already come off. The service that is supplied is worth $200 less than the service the government would have been supplying had they been supplying that service two or three years ago. The deduction has already been suffered on the part of the salary that is supplied in kind. Take for example a lighthouse keeper who gets paid $200 in cash and is supplied with quarters said to be worth $200. His deduction should be $20, it should not be $40, because the value of his quarters, on the very basis upon the act itself, has gone down $20. It is an absolute injustice to take 20 per cent from his salary.

Take the case of certain employees who, I understand, get paid no money at all, but get the whole of their remuneration in kind; do they owe the government something now? Certainly not. Yet that is the result of the ruling applied by the treasury board to this particular class of officials. Say a man gets no remuneration from the government except, for instance, the use of a house, which is supposed to be worth for superannuation purposes $1,000 a year. Under the Salary Deduction Act, according to the principle applied by the treasury board, he must pay back $100 a year, because he is being cut down by ten per cent. But anyone who thinks about it will see that he is being cut down ten per cent anyway by the change in conditions; his house is now worth only $900 a year. I submit that the minister should not answer this by saying: Well, that is the regulation of the treasury board, and let it go at that. The regulation of the treasury board should be changed, it is manifestly a violation of the ordinary principles of justice to cut down these people by 20 or 25 per cent or more when the Salary Deduction Act only provides for a reduction of ten per cent.

Mr. RHODES: Mr. Chairman, the instance given by the hon. member for Hants-Kings (Mr. Ilsley) in respect of a man who receives as his pay the right to occupy a house is purely imaginary.

Mr. ILSLEY: I am told not. I have made inquiry and found that some civil servants receive their total remuneration in kind.

Mr. RHODES: I have not had the point before, but I think it is imaginary. I would be glad to have an instance, and inquire into it. Let me say that I have not justified, or attempted to justify, the method of the application of the Salary Deduction Act upon the mere ipse dixit of the treasury board. As a matter of fact, unless the question were submitted to me I do not recall that I have even referred to the treasury board. What I have

said is that the method has been to apply the deduction in each of these cases where the compensation received in kind is treated as a portion of the salary, and is so treated by the desire of the civil servant himself for the purpose of superannuation, because it has the effect of increasing the amount he would receive for superannuation. If that principle is applied in one case it is only fair that it should be applied in the other.

Let me cite an instance given to me in a brief memorandum on this very point by the official of the department who is charged with the conduct of these cases, and who would be with me to-day but for the fact that he was suddenly stricken with illness this morning and is therefore unable to be here. He says:

A department has two employees, each classified at a salary of $150 per month, plus an allowance for house, fuel, light and rations of $50 per month.

Making $200 in all.

Only one house is available, and this is occupied by one employee, who is paid in cash $150 per month. The other employee is paid in cash at the rate of $200 per month. Both contribute to the superannuation fund on the larger amount. It would be quite unfair, the real compensation being the same, to apply the terms of the Salary Deduction Act to $150 in one case and $200 in the other.

I think that puts the case very succinctly. We are merely applying in this case the same principle as is applied to the same civil servant when we are considering his salary for the the purpose of superannuation.

Mr. VENIOT: Take it the other way; how is it where there is no superannuation?

Mr. RHODES: The principle is the same. It has been ruled and it has been the custom that the extra remuneration, in whatever form it may come, has been deemed a portion of the salary. There are many cases and classes of cases where allowances and payments are not subject to the deduction because they are not deemed to be a portion of the salary.

Mr. SPEAKMAN: When the resolution preceding this bill was before the house the hon. member for South Battleford (Mr. Vallance) brought to the attention of the minister the case of the commission postmasters, that is those who derive their remuneration by a commission on the amount of business done. I think he pointed out that apparently at least some injustice has been done to that class of post office official. I have had complaints of the same nature. I have looked into the matter, and in my opinion those complaints are amply justified. The minister stated at the time that he would look into it; I trust he will. The position is this. Instead of receiving a set salary the postmasters in these offices receive a certain commission, varying in percentage, upon the amount of business of various kinds done through the office. Under the terms of the Salary Deduction Act the commission will be reduced by approximately ten per cent. But the fact is apparently overlooked that the amount of business done is greatly reduced as compared with former years, so that as a matter of fact, and in comparison with the remuneration they received two or three years ago, and in comparison with the salaries still paid to salaried postmasters, these officials are getting a reduction of anywhere from twenty to twenty-two or twenty-three per cent. This is somewhat involved of course, because they have rental allowances and various commissions. But as far as I can ascertain, and I have examined it as carefully as an outsider very well can, both through the department, and the complaints sent me by the officers themselves, the net result undoubtedly is, as stated by the hon. member for South Battleford, that they are getting a reduction, as compared with their former remuneration, of at least twenty to twenty-two per cent instead of the ten per cent contemplated by the act. I hope the minister will fulfil his promise and examine into that situation very carefully, because it affects a great many men who are performing very onerous duties, doing them very faithfully, and for what is now a very inadequate remuneration.

Mr. RHODES: I may say to my hon. friend from Red Deer (Mr. Speakman) that the matter in question has been very carefully considered, and it is difficult to see how one could avoid applying the general principle which I mentioned a moment ago in the case of a revenue postmaster. Now coming to the actual facts, it is true that in common with all who are doing business, the amount of business done by the individual has been lessened because of existing conditions. But there are certain compensating factors which also must be borne in mind. In the first place there is the circumstance that the cost of doing business is lessened owing to the reduced cost of living. There is the contributing factor that the cost of postage has increased and that, to a certain extent, the volume of business has been increased thereby. There is the further fact, which is very important in connection with many post offices, that the postmaster is permitted to sell postage stamps not only for use upon letters but for use upon cheques as well,

which also tends to give him a very material return, since he receives a very substantial percentage upon the first thousand dollars worth of stamps sold. So taking the balance, having regard to all those circumstances and assuming that the principle I mentioned a moment ago is sound, its application should have the effect in the case of the postmasters in question. No doubt in the cases of many of these post offices it is to be regretted that the compensation which is so meagre should be still further whittled down, but it would be difficult to have a law of general application which would not perhaps result in hardship in individual cases. Taking it by and large, however, I think the general soundness of the principle is apparent.

Mr. SPEAKMAN: I will admit the various forms of compensation mentioned by the minister; I will admit the truth of the other points he mentioned, but it is also true that the salaried postmasters have been reduced ten per cent as compared with their former incomes while commission postmasters have had an average actual and effective reduction of a little over twenty per cent. Every argument as to the lower cost of living and the lower cost of doing business which applies to the commission man applies to the salaried man also. It was estimated that the ten per cent reduction was fair in view of the lower cost of living and of doing business, so if that is a sound principle it must be admitted that a reduction of twenty per cent or twenty-two per cent is greater than is fair, and that is the net result in spite of the facts to which the minister referred.

Mr. CHEVRIER: I will detain the committee for only a few moments. I am absolutely opposed to the second reading of this bill for the reasons I mentioned last year, and which may be found in Hansard of April 4, 1932. I am absolutely opposed to the second reading of the bill, and experience has shown that my arguments last year were sound.

There is one further fact which I should like to place before the committee; it is this: By lowering salaries the government has affected one of the most essential factors in the reestablishment of economic conditions, that is, the purchasing power of the country. I find that in answer to a question put to him the Minister of Finance is reported at page 1897 of Hansard as having said that the saving thereby last year amounted to $8,300,000. In other words, from the purchasing power of the salaried employees of the government the government has put aside the sum of $8,300,000 which, instead of being used for productive purposes, has been turned into the sink hole. It was not used to pay off a part of the national debt but was used for some non-productive purpose. I understand that in banking and so on a dollar in trade is usually worth from $10 to $17 in returns. To suit the minister let us put it at a conservative estimate and say that a dollar in trade is actually worth $10 in returns. This would mean that the earning power of this country was reduced last year by $83,000,000. It would mean that in this city alone, which contributed $2,250,000 of the $8,300,000, there would be anywhere from $10,000,000 to $20,000,000 less in trade. At this time everyone is trying to increase the purchasing power of the country, and everyone is trying to get at the root of our economic and financial difficulties, I do not think that we should take this step which will only increase our difficulties.

I do not suppose that anything I may add will affect the passage of this bill, but I should like to point out once more that this is a most unfair and unjust piece of legislation, and that some grading should have been done. I believe those earning less than $1,200 should not have been touched at all. I do not say that simply because of the ten thousand or twelve thousand people in Ottawa who are immediately affected; I say it because of the effect it has had and will have on the whole community. I believe this legislation has been a most pernicious example to corporations and business houses throughout the country, who have followed the lead of the government and cut wages. They have not turned over to the government the money they have saved by reducing wages; instead, they have simply taken that money in order to pay dividends to stockholders and shareholders. I do think it is most unpolitic—and I use the word in its proper sense—and a most arbitrary measure, and for these reasons I must oppose it.

Mr. RHODES: I should like to observe to my hon. friend from Ottawa that he has overlooked one simple fact. It is that the $8,300,000 which we saved last year would have had to be made up by taxes levied upon the people of the country. If there is any merit in his contention what he is saying now must mean that if we want to bring about prosperity we must tax the people. In other words, my hon. friend is advocating that we should tax ourselves into prosperity.

Mr. CHEVRIER: Then may I ask if the members of the civil service will be exempted to the extent of ten per cent in the taxes they must pay?

Mr. POULIOT: The senior member for Ottawa seldom forgets anything but this time he has been kind enough to leave one point for me. I am very glad to see the Minister of National Revenue here with his colleague the Minister of Finance. If I remember rightly the Minister of National Revenue told us some time ago that the decrease in the duty on spirits and cigarettes would amount to $8,000,000 or approximately that sum, while on the other hand the cut in salaries, we are told, will amount to about the same figure. So that civil servants in common with the rest of us have to suffer a reduction in order to give greater opportunity to other people to enjoy themselves as a result of the reduction in the prices of cigarettes and liquor. Am I right in my contention?

Mr. RHODES: My hon. friend, with his fertile and ingenious mind, is always bringing up new and interesting aspects of the subject. In regard to the statement of the Minister of National Revenue, he had apparently in his mind the circumstance that the treasury would lose $8,000,000 as a result of the reduction in the duty on spirits. That was not the interpretation which could properly be placed on the remarks of my colleague. As my hon. friend knows, there is a law of diminishing returns, and he will recall that the late Mr. Fielding, when Minister of Finance,—I mention this because it is a matter of record—imposed a special heavy duty on cigarettes. He was warned at the time he imposed that duty that he would receive less revenue under the increased duty than under the duty as it had stood, and he found it so to such an extent that he had to change his tax during the actual session of parliament in which he proposed it. I may be wrong in this detail, but the fact is that he ultimately had to reduce the tax because he was receiving less revenue. We believe that, having regard to the encouragement which is given to smuggling, as well as other breaches of the law which occur when the excise impost on spirits is too heavy, we shall receive under the lesser impost, if not as large then substantially as large a return to the treasury ultimately because to the extent that you reduce taxation to that extent you limit the temptation to breaches of the law. When my hon. friend mentioned the figure he did, he had in mind that, assuming the receipts from liquor were $40,000,000, on the basis of a reduction of one-fifth it would mean $8,000,000. That would be the mathematical computation, but it by no means follows that over a period of time the actual loss to the treasury would be anything like that amount.

[Mr. Chevrier.]

Mr. POULIOT: But the amount is the same in each case.

Mr. RHODES: Quite so; $8,000,000 is $8,000,000.

Mr. POULIOT: But there is no relation between the two, if my understanding is correct.

Section agreed to.

Section 3 agreed to.

Bill reported, read the third time and passed.

INCOME WAR TAX ACT AMENDMENT

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 20, to amend the Income War Tax Act (special tax).

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Bury in the chair.

On section 1—Special tax continued for one year.

Mr. COOTE: Can the minister give the committee an idea of the approximate amount collected under the tax last year?

Mr. RHODES: I am extremely sorry, but I have not the computation before me. I can get it of course.

Mr. COOTE: I suggest to the minister that before he brings down his budget he should seriously consider increasing the revenue of the country by a change in the Income War Tax Act so as to place a higher tax on the higher incomes in Canada. He might take as a model the bill introduced by his predecessor, the present Prime Minister, two years ago. That bill I believe was based on the principle of assessing income tax in relation to the income earned; that is to say, it was one per cent on the first thousand, two per cent on the second thousand, and so on, the rate being increased one per cent with each increase of one thousand in income, until it reached twenty-five per cent on the twenty-fifth thousand. During this emergency, which is the reason for the present bill, we might very well consider adopting that same principle but carrying it still further until we reach a levy of ninety-nine per cent on the ninety-ninth thousand. That would greatly increase the revenue of the country and I have no doubt the men in receipt of incomes of that amount would be glad to contribute more liberally than they are now doing, just as members of the Canadian Civil Service have been glad to contribute to the revenues. I trust the minister

will take this into consideration before he brings down the budget. At this time, when it is so necessary to increase revenues, I suggest that this is the best possible way of securing an increase and I urge the minister to take the suggestion into consideration before he brings down the budget.

Mr. RHODES: I assure the hon. member for Macleod and the committee as well that I shall be happy to explore every possible avenue which might afford an increased return to the treasury. I would deem it a favour if any hon. member would suggest any method which has not already been put forward either in the house or among the hundreds I am receiving every day by post. Not only will the suggestion he has made receive careful consideration, but I shall be glad to consider diverse and sundry others which may come to my attention.

Mr. POULIOT: May I offer my humble contribution to the debate on this bill? First of all, may I be permitted to draw a distinction between judges who work and those who do not, those who now enjoy a rest after a few years of service on the bench? For instance, in my province I know of two judges who sat on the bench of the Supreme court and who did very well while they were fulfilling their duties, but who are now superannuated. Will the minister be kind enough to tell us whether this legislation applies to judges who are on superannuation?

Mr. RHODES: No; this would apply only to judges who are in receipt of salaries. Those who are in receipt of pensions are subject only to the ordinary income tax.

Mr. POULIOT: I thank the minister for his explanation and I am delighted to see that we have the same views in that respect. I am glad he has consulted his colleagues, because we all share the same views in that regard; that is, we are agreed as to the fact that those who have to work pay and those who do not work any more and who are resting on their laurels, do not pay anything. Take, for instance, Mr. Justice Mignault, for whom I have the greatest regard and who did very well on the bench. He is now counsel in a big law firm in Montreal. I do not know how much he receives, but he must get a decent fee for that and he probably receives it on account of the fact that for a certain number of years he sat on the bench of the Supreme Court of Canada. Judge Malouin is not now connected with any firm in Quebec, but he is a former judge of the Supreme Court of Canada and he receives his pension untouched. Is this fair? The judges of the Supreme court here have a great deal of work to do, so much for instance, that I may mention that one judge who was appointed to a board, had to leave it because his duties on the bench were so onerous that they did not allow him to do any other work. The work of a judge is very hard and the salary is modest if we compare it with those received by judges in foreign countries. The Minister of Finance, who is one of the brightest and most excellent lawyers in this country, knows very well judges in England are highly paid; they are paid as much as £10,000, while in Canada they are not paid so much. But the discrimination lies in the fact that judges who have to work have to pay to the state more from their salaries than is paid by those who do not now work as judges. It would be only fair that when the minister takes the budget into consideration again, he should at least equalize matters and if a preference is to be given, it should be to the judges who work rather than to those who are no longer on the bench and so are in a position to earn money by other means.

Mr. RHODES: I think the same principle ought to apply in the case of pensions to judges as in the case of all other pensions. It would be very unjust to discriminate between a pension to a judge and the numerous other classes of pensions we have. The principle may be sound or it may not be, but no matter which it is, if it is to be applied it should be done generally. It would be very invidious and unjust to attempt to single out for special consideration of this character judges who are on pension from all other pensioners in Canada.

In the case of the individual whom my hon. friend mentioned and who is in receipt of a pension as a retired judge, but who augments his salary by additional earnings from acting as counsel for some firm—

Mr. POULIOT: The minister knows I did not criticize the gentleman at all.

Mr. RHODES: I beg my hon. friend's pardon; I thought he was pointing out there was an injustice there.

Mr. POULIOT: No; if the minister permits me, I am not criticizing the former judge on account of the fact that he has now taken up legal practice. What seems unfair to me is that a judge who is on the bench and who has no other source of income has to pay to the state while another judge who is superannuated, has nothing to pay from his superannuation allowance.

Mr. RHODES: I do not think my hon. friend and I misunderstand each other, I was going to point out that in the case he mentioned, to the extent that that individual had his salary augmented by additional earnings, to that extent he would move up in the bracket of income taxation and pay to the treasury an increasingly larger amount year by year. That would tend to indicate there is not that injustice which my hon. friend has in mind.

Mr. POULIOT: Naturally, if he earns more, he would have to pay more.

Mr. RHODES: My hon. friend will recall this: in the case of pensioners who have no outside earnings and who have only their pensions to subsist on, their pensions of course are less than they formerly received by way of salary. I do not know that I need elaborate on that point, but that is why the distinction is made between salary in one case and pension in the other.

Mr. MERCIER (St. Henri): Do they pay income tax on the pensions they receive?

Mr. RHODES: Yes.

Section agreed to.

On section 2—Taxpayer may elect to be subject to Salary Deduction Act.

Mr. POULIOT: When the act with regard to superannuation at the age of seventy-five of judges of the Supreme court was passed, it was understood that judges who were then on the bench and who would retire at seventy-five would have the same salary as they had before. So a gentleman who does not sit on the bench any more and who receives the same amount of money as do his former colleagues who are still sitting, nevertheless pays nothing under this particular legislation. I shall not labour the point further, but I take this opportunity to submit this matter to the minister as it is serious. I say again I have the highest regard, without exception, for anyone who has sat on the bench of the Supreme court. My point is merely that all discrimination should be removed.

Section agreed to.

On the title.

Mr. COOTE: In regard to the proposal I made to the minister a few minutes ago, I take this opportunity of saying that I should not like anyone to think that I was suggesting that we take ninety-nine per cent of any man's income. I want to point out that the ninety-nine per cent would apply simply on the ninety-ninth thousand of his income. Under my proposal any man assessed for an income of the amount I suggested would still have an income left to him, after he had paid his tax, of at least $50,000 or thereabouts.

Title agreed to.

Bill reported, read the third time and passed.

SUPPLY

ALLEGED MALADMINISTRATION IN DEPARTMENT OF MARINE

Hon. E. N. RHODES (Minister of Finance) moved that the house go into committee of supply.

Mr. A. W. NEILL (Comox-Alberni): I shall not detain the house more than ten or fifteen minutes at the outside, Mr. Speaker. I want to deal with a matter with which the Minister of Marine (Mr. Duranleau) dealt the other night when he was speaking in connection with the contract for the bridges on the trail between Pachena and Bamfield. He spoke at a time, as we all know, when it was impossible for me to make any reply, and I think the minister took full advantage of that fact. His remarks got considerable publicity in the press, and I hope that my reply will get the same degree of publicity.

The minister quoted figures which would suggest that I had very much exaggerated the profits which were made out of this contract, but I would point out that I was careful to qualify my remarks in that regard. I said:

> The best information I have—and I shall not be too definite on this point, but I believe it to be correct—

Then I went on to quote what I understood to be the wages paid.

However, I will check up on my information. I got mine as the minister got his, second-hand. I believed it to be correct, and I still believe it to be correct, and I shall check up on it before I shall admit that my statements were wrong. There are two reasons that animate me in taking that stand. One is that if the figures quoted by the minister had been taken from his departmental returns, from the office pay sheets, for example, I, of course, would have had to admit their correctness. But they were not. They were from statements furnished to him by the contractor in question, who, of course, was highly interested in making the best case he could.

The other reason why I hesitate to accept the figures which the minister gave is that there are considerable discrepancies in the minister's statement itself. For instance, he gave certain dates when the work began and ended, but those dates do not agree with the figures suplied to me by the department. Then the total of wages cited by the minister does not agree with the figures given by him as having been the number of days worked.

Then there was this statement, that the material for these bridges, small wooden bridges, cost $189.72, and that the labour cost $1,000. That is to say, from 84 to 85 per cent of the total cost went for labour. That is too much. Anybody with just the ordinary knowledge of that kind of work knows that the ratio for labour as compared with material on a work of that kind runs somewhere between 33 and 50 per cent, and when it runs to 85 per cent it certainly excites our attention, if not our suspicion.

I should like also to quote what the minister said about the engineer. He said:

> The works had been estimated by one official of my department to cost $1,300, and they were estimated by Colonel Wilby himself, who is an engineer, to cost $1,220.
>
> Mr. Neill: Was he on the ground?
>
> Mr. Duranleau: That is the information I received.

I do not think that the minister on consideration would support that statement. I think perhaps he spoke a little too quickly. He says that he had an estimate made by an official. Yes, and that official, as I admitted when I was first speaking, was a thoroughly estimable and competent man in his own line of work, which has nothing whatever to do with engineering work on bridges. The minister corroborates that and says, "one official of my department" made an estimate. Then he says that Colonel Wilby, who is the engineer in charge, the agent of the Department of Marine in Victoria, made an estimate. Does the minister suggest that it was necessary to have two estimates, and that they had two? That does not agree. If the engineer was there, there was no need to have this other official make an estimate. If Colonel Wilby made an estimate, it was on paper in his office at Victoria. Colonel Wilby I doubt not has seen these bridges at some time in his career, but my statement was that he had not within a reasonably recent time gone over the trail and inspected these bridges in such a way as to be able to form an estimate of what was required. If he had done so, they would not have sent this other man, who had no knowledge of the subject, to make an estimate of that kind. However, if the minister says that Colonel Wilby did, within a few weeks before the contract was let, go over the trail and make that estimate, I will accept his statement, but I shall be very much surprised. I do not think the language used by the minister as reported in Hansard is really what he intended to say.

Then we find another extraordinary statement, not as extraordinary as made by the minister, but extraordinary in the sense that such a statement should be furnished to him. The minister says that the contractor furnished material to the extent of $42. Well, I have the contract here, such as it is, drawn up by the contractor himself. It is just in the form of a bid, and he certainly specifies very distinctly that all of the material has to be supplied by the government. Are we really to believe that this contractor out of the fulness and the richness of his heart gave the government $42 worth of material on a contract which called for him to have the whole material delivered on the ground free by the government? That does not seem to make sense, and it certainly does not make sense to anyone who knows the contractor and his reputation.

I also find that there was a very liberal sum put in for the use of a launch, which I think would stand investigation.

I find another point, and I am only taking for my text the statement furnished by the minister which he got from Victoria. We find that the contractor paid wages of five and six dollars a day and board. Why, the man is a blooming philanthropist. He is an Andrew Carnegie; he is going around giving wages equal to $7 a day or $210 a month. That is not the reputation he possesses in his locality. His local reputation is that of a selfish job grabber. I shall check up these matters, and if I find my information is not correct I shall so inform the minister. However when I find these discrepancies in the statement I am bound to say, before going any farther, I think it is a subject for investigation.

But the minister failed to explain the other matters with which I dealt. I did not make one charge; I made five, and here they are: I said there was no inspection beforehand by a competent engineer; I said there were no specifications drawn up; I said there were no competitive bids called for; I said there was only one bid asked for, obtained and accepted, that the man who got the contract already had three jobs, and that in these days of unemployment he did not need this one very badly, and I said that the profit made had been excessive. The minister attempted to deal with the last point, but did not deal

with any of the others. I hope when we go into committee he will do so.

But before going further into the matter I wish to apologize for the error I made as it is recorded at page 2092 of Hansard. I used this language: "I have been writing to the minister since October." I should have said, "I have been writing to the minister's department since October." The minister made the most of that statement.

Mr. DURANLEAU: Did you not receive a reply to each letter you sent? Did you not have a reply to all your letters?

Mr. NEILL: No, I did not receive a reply from the minister at all.

Mr. DURANLEAU: But from the department?

Mr. NEILL: Yes.

Mr. DURANLEAU: Your letters were answered by Mr. Hawken?

Mr. NEILL: Yes.

Mr. DURANLEAU: And you received a reply from him in connection with each letter, furnishing all details asked for?

Mr. NEILL: I received a reply to every letter I addressed to an officer of the department. I should have said I had been writing to the minister's department, not the minister. The minister made a great point of that, and I thought used it to cover up some other points he was not very sure about. I have no fault to find with that; he who liveth by the sword must expect occasionally to perish by it, and that was his opportunity. And so, with bowed head and averted countenance I apologize to the minister for the grievous error. But we all sin occasionally; to err is human, to forgive is divine. In mitigation of my grievous offence may I make these observations: I was interrupted four times, one after the other, during the course of my remarks—three times by the minister and once by another minister. Each interruption was strictly out of order, because my permission was not asked. Having been interrupted so much and being of a nervous disposition perhaps I became a little rattled on the fourth occasion. I replied rather hurriedly and left out a word I should have put in.

Then, again, I would plead in due humility, Mr. Speaker, another circumstance in mitigation of my offence. It is this: As we all know, we have the privilege of revising our speeches, the privilege of checking over the typewritten record before it is printed. We are allowed to put in a word or two, if by so doing we amplify or make the meaning clearer. As we all do, I checked over my remarks and observed the error I had made. I saw the possibility of attack in consequence of the error, and it would have been a very simple process and no one would have objected if I had inserted the word necessary to make my meaning correct. But I did not do that. I think that should be remembered in my favour when condemnation is being dealt out.

Mr. CASGRAIN: Forgiven.

Mr. NEILL: I shall not forget it, not while water runs and grass grows. Now, sir, having made this amende honorable, as the poet says, having bowed my haughty head and tamed my heart of fire, and having made this humble apology for the grievous error which, after all, was a very trivial slip of the tongue, I should like to ask the minister something: Has he any explanation to make or has he any apology to offer either to me or to the house the rules of which have been so grossly trampled in this connection. On the occasion to which I refer the minister spoke, as usual, from his seat. He spoke in clear tones, and could easily be heard. The reporter present was not more than ten feet from the minister. The reporter put his record on file in the usual way. But a whole paragraph of what appeared on the record is missing from the printed record of Hansard. Not a word or two but a whole sentence is missing—thirty-one words—thirty-one words. It was not a duplication which might reasonably have been cut out—nothing of that kind, but was a new statement containing a rather damaging admission and one which, to some extent, went to substantiate some of the charges I had made. I want to ask this question: At whose instigation and at whose request or for whose benefit was that deletion made or why did that deletion take place? Perhaps the minister will tell us when he rises to his feet. I left out one word; I did not put it in. The minister said perhaps more than he intended —thirty-one words more—and they were cut out.

Mr. BENNETT: Since the question of order is raised, may I raise one? When the house was moved into supply on the last occasion the hon. member spoke concerning this subject, and on that occasion he made statements such as he is making now.

Mr. NEILL: No.

Mr. BENNETT: On that occasion the debate closed on the subject when the Speaker left the chair and the chairman took his place. Secondly, the hon. member is transgressing the rules by twice discussing the same subject in the same session.

Mr. NEILL: Mr. Speaker—

Mr. BENNETT: And, the opportunity afforded in supply will be the third. I have mentioned at least two rules of the house, at any rate, which at this time are being transgressed.

Mr. NEILL: On the point of order, it seems to me the Prime Minister has raised only one point of order, because he states I am repeating an argument I used previously. I have not repeated anything I have used before. This is all entirely new. I am referring to a matter of a deletion from the record of the house, and on the last occasion I did not speak in that connection. I could not have, because the incident to which I now refer occurred since that time.

Mr. BENNETT: It is a question of privilege.

Mr. NEILL: And, speaking apart from the point of order, I might as well get what I have to say off my chest now as in committee, but in that connection, I am in the hands of the house. I state, however, the matter to which I now refer has not been decided. The question on the former occasion was: Shall we go into committee? The minister being allowed to make a definite statement, in all fairness I ought to be allowed to reply.

Some hon. MEMBERS: Go on.

Mr. BENNETT: The only reason I raised the question was that I happened to observe the hon. member's statement that the minister should offer an apology for a breach of the rules of the house.

Mr. NEILL: That is certainly something new.

Mr. BENNETT: I agree that is new.

Mr. NEILL: I hope it will never occur again. I should like to ask, however, what rule the Prime Minister is quoting.

Mr. BENNETT: The rule which says—

Mr. NEILL: Which one?

Mr. BENNETT: I do not carry the numbers in my head; I am not acccustomed to doing that. But the rule to which I referred states that a member cannot discuss the same matter twice in the same session. When, on the motion to go into supply, the matter was discussed, the discussion ended when the Speaker left the chair and the chairman took the chair. That is the rule to which I referred. I state, further, that the long explanation to which we have listened is only a repetition in other terms of that which has already taken place.

Mr. NEILL: Am I not discussing something new?

Mr. BENNETT: No—not upon that phase of the matter.

Mr. NEILL: I am discussing the rules of the house at the present time, because I claim they have been broken by a deletion of something from Hansard.

Mr. BENNETT: That is a question of privilege of the house.

Mr. NEILL: I shall call it a matter of privilege, then; I shall raise a question of privilege.

Mr. SPEAKER: I understand the hon. member for Comox-Alberni (Mr. Neill) on the former motion that the Speaker do leave the chair for the house to go into committee of supply brought up and discussed the matter of certain public works in his constituency. It was discussed then by him and by the Minister of Marine (Mr. Duranleau), I think, and disposed of when the Speaker left the chair, and it would be a violation of the rules and customs of this house to discuss the matter again, which I understand the hon. member is now attempting to do.

Mr. NEILL: Which rule, sir?

Mr. BENNETT: The rules and practices of debate in this parliament.

Mr. SPEAKER: The rules and standing orders. It is the practice and custom of this house and of the British house not to discuss again the same question during the same session. The hon. member, I understand, has undertaken specifically to discuss certain bridges in his constituency.

Mr. NEILL: Not a bridge, sir, a breach.

Mr. SPEAKER: If the hon. member will contain himself for a moment. When he is attempting to discuss these public works he is out of order, and I ask him to desist.

Mr. NEILL: Will I be allowed to rise to a question of privilege to discuss this question?

Mr. BENNETT: What is the question of privilege?

Mr. NEILL: I will have to explain it of course.

Mr. BENNETT: Mr. Speaker, there is no reason why any hon. member should impose upon this house. The hon. gentleman has a habit of doing certain things, and it passes for wit. If he desires to discuss a question of privilege let him state what the question of privilege is. That can be done very shortly.

Mr. NEILL: I will if the honourable house will undertake not to interrupt me.

The question of privilege is that on February 14, in a debate in this house a certain statement was made of pregnant importance to the matter under discussion, and that thirty-one words of it, in the language of the Minister of Marine were deleted, did not appear in Hansard. That is a substantial question, I would like to prove it for one thing, I would like to read the words and to show that they were pregnant to the subject. Am I in order in doing that? I was going to say, sir—

Mr. BENNETT: That is the question of privilege now. That is the end of it.

Mr. NEILL: —that had the deletion only been a mere slip that the minister had made I would not have worried, but it goes far to establish one of the claims that I was making at the moment. I will quote the omitted words:

> Comparative prices were not obtained and in this regard I have to advise that Mr. Graham asked that if this work were put in hand that local men should be employed.

Now who is this Mr. Graham who was consulted and gives advice, but whose name, it appears, it is undesirable to have appear in Hansard?

Mr. BENNETT: If the rules of the house are to be observed at all we might as well face this matter now. The hon. member is merely defying this house and the chair. He is talking now about who Mr. Graham is. He is interjecting observations of that character. The question of privilege has been stated, he has a right to amplify what he has said to make it clear that there has been a deletion from the record of what he deems to be important words. That is a question of fact that your predecessor, sir, on a certain occasion said would make necessary an inquiry to ascertain and report to the house; there is no doubt about that. But to interlard his reading with statements respecting Mr. Graham or someone else is merely to cast contempt on the chair and treat this house with disrespect.

[Mr. Neill.]

Mr. POULIOT: On a point of order, might I suggest that the government avail itself of section 98 of the criminal code in this matter?

Mr. NEILL: Will Mr. Speaker, give his ruling on the question of privilege I have raised?

Mr. SPEAKER: The hon. member having stated his question of privilege, we will proceed with the debate, if debate is necessary, on the motion that the Speaker do leave the chair and the house resolve itself into committee of supply. Certainly the hon. member cannot revive a debate that took place on the former occasion when the question was before the house. I will quote from May for the information of the house the following comment on standing order 41:

> It is a wholesome restraint upon members to prevent them from reviving a debate already concluded; and it would be little use in preventing the same question from being offered twice in the same session if, without being offered, its merits might be discussed again and again.

The hon. member without doubt has undertaken to discuss again what he discussed formerly on the motion that the Speaker leave the chair for the house to go into committee of supply.

Mr. NEILL: I bow to your ruling. I will be allowed to discuss it when we are in committee, I take it?

Mr. BENNETT: The chairman of the committee will decide that.

Mr. SPEAKER: It is open to any hon. member to discuss a motion before the house, but not to revive a debate already concluded.

Mr. NEILL: I submit to your ruling, sir, but I ask; Will I be allowed to discuss it when we are in committee on the estimates?

Mr. SPEAKER: On a proper occasion, but not in the manner in which the hon. member is seeking to do it now.

Mr. NEILL: I beg pardon, sir?

Mr. SPEAKER: It can be discussed on a proper occasion, but this is not one.

Mr. NEILL: I thought you said the manner in which I was doing it. The manner is mine, I have a right to do it in any manner I choose.

Mr. BENNETT: No, the practice of parliament governs manner as well.

Mr. SPEAKER: Manner or method, whichever word may be preferred.

Motion agreed to.

Mr. NEILL: On division!

SUPPLY

DEPARTMENT OF MARINE

The house in committee of supply, Mr. Ross in the chair.

Ocean and river service—maintenance and repairs to dominion steamers and icebreakers, $1,460,000.

Mr. MERCIER (St. Henri): How many icebreakers have we?

Hon. ALFRED DURANLEAU (Minister of Marine): Out of twenty-five boats we have five icebreakers.

Mr. DORION (Translation): Mr. Chairman, may I draw the attention of the hon. Minister of Marine (Mr. Duranleau) to the fact that for some time past—I do not know whether this existed under the previous regime—some of the men employed on the icebreakers complain that they are obliged to work 12 and 14 hours per day. I am aware that the government wish to practice economy, however, on the other hand, I do not think that it is a sound policy to have men work 12 or 14 hours per day. I, therefore, wish to draw the attention of the minister of Marine to this matter and trust that he will find the means of remedying these complaints which come to us from the hands at work on the icebreakers.

Mr. GAGNON (Translation): Mr. Chairman, I entirely endorse the remarks made by my hon. friend from Quebec and Montmorency (Mr. Dorion). I do not think it fair to have the men work more than for what their wages call, namely 8 hours per day.

Mr. DURANLEAU (Translation): Mr. Chairman, may I inform my hon. friends that the men on icebreakers will start work in a few days and I can assure them that they will be fairly dealt with.

Mr. MERCIER (Saint Henri) (Translation): How many gangs are there on these icebreakers?

Mr. POULIOT (Translation): Mr. Chairman, if the employees work shorter hours, will the hon. minister appoint more men on the recommendation of the hon. members for Dorchester and Quebec Montmorency; if so, how many?

Item agreed to.

Miscellaneous services relating to navigation and shipping, $37,000.

Mr. HEENAN: I would like to have some information from the minister with respect to the fair wage question in dispute in Halifax over the building of an icebreaker. The minister will recall that there was a dispute with respect to wages. The Department of Labour gave a certain decision, but later the question was allowed to go before a court or board of arbitration. Will the minister tell us whether or not a decision has been rendered in that case?

Mr. DURANLEAU: The judge in charge of the inquiry rendered a decision in favour of the employees, and under that decision they are receiving full wages.

Mr. HEENAN: Could the minister lay on the table the decision of the judge?

Mr. DURANLEAU: I see no objection to that.

Mr. POULIOT (Translation): Will the hon. minister of Marine inform the house what item in the estimates has reference to the dredging of the St. Lawrence river?

Mr. DORION (Translation): That is not included in the estimates of the department of marine but will be found in the estimates of the department of public works.

Mr. POULIOT (Translation): No, the department of marine has something to do with the dredging. I recall that last year we discussed this question when the hon. minister of marine submitted his estimates to the house.

Mr. DURANLEAU (Translation): No. 142.

Mr. POULIOT (Translation): The question was discussed, last year, when the estimates of the hon. minister were before the house. I wonder if this item was transferred, in the meantime from the department of marine to that of public works.

I am very much interested. I am fond of Mr. Simard and Mr. Dufresne and I should like very much to find out what extraordinary work they are carrying out on the St. Lawrence.

Mr. DORION (Translation): The hon. member for Richelieu (Mr. Cardin) would also like to know?

Mr. POULIOT (Translation): At present, the question is what the minister is undertaking; there is no reference to his predecessor. I am alluding to Mr. Simard and Mr. Dufresne. If the hon. Minister of Marine has nothing to do with these gentlemen, I shall deal with them on another occasion.

Mr. DURANLEAU (Translation): The hon. member will have full opportunity to discuss this question when item No. 142 is reached.

Mr. POULIOT (Translation): Has the hon. Minister of Marine nothing to do with item No. 142?

Mr. DURANLEAU (Translation): The dredging of the St. Lawrence river is under the control of the Department of Marine, while all other dredging in the country comes under that of the Department of Public Works.

Mr. POULIOT (Translation): I am very pleased to find that we now understand one another.

Mr. NEILL: I think under this vote I might ask the minister a question. I understood him to state a few weeks ago that it was his intention to bring in a bill amending the Merchant Shipping Act, and I think he told me across the floor that it was his intention to send that bill to a committee of the house. I presume that would be the committee on marine and fisheries. Am I correct in that supposition?

Mr. DURANLEAU: The complete revision of the Shipping act is now in the hands of the printer, and I think half the bill has been printed. It may be that the act will be brought in first in the upper house, where full opportunity will be afforded to all interested parties to be heard before a committee. When the measure comes to this house, we will decide whether or not it should go to a committee here. I think it will go to such a committee, but if the bill is introduced in the upper house everyone will have an opportunity to appear before a committee and be heard.

Mr. NEILL: I thank the minister for the fullness of his explanation. I have been one of those agitating for the last ten years for the revision of this act; I would hesitate to do anything to delay it, but I do think the time would be well spent if the bill were not passed through this house for a year after it was printed. There are so many complex interests involved from the Atlantic to the Pacific and on the great lakes as well that it is impossible for those men who are not skilled in law and who have not strong organizations looking after their interests to be even apprised of how their interests are affected. I would suggest to the minister, as I suggested to his predecessor for several years, that he should introduce the bill in this house and even have it go to a committee, but then let it stand until another session in order that copies of the bill may be circulated to the people interested on the Atlantic, the Pacific and the great lakes, so that they may be able to get together and present such evidence to the committee as they may desire. Men out on the deep seas at this time may never know that the bill has been passed, and they will not have an opportunity to make such representations as they may desire. Of course the big shipping interests can be easily reached, but that does not apply to masters, mates and engineers and seamen or to a great many owners of small gasoline boats who are very much concerned with this measure. This is going to be a very difficult subject to deal with, and I suggest to the minister that he earnestly consider whether it would not be wise to delay it for another session. It has been delayed for so long now that another year will not matter very much, and then we will be able to get the real opinions of the people interested.

Mr. POULIOT (Translation): May I inquire from the minister what are the winter services which are connected with navigation, and what amount is expended on each one of them.

The CHAIRMAN (Mr. Ross): The discussion now is really on item 133. Shall item 132 carry?

Item agreed to.

Miscellaneous services relating to navigation and shipping, $37,000.

Mr. DORION (Translation): Mr. Chairman, for a number of years past, the shipping federation as well as the "Union des Pilotes" of Quebec have requested the erection of a semaphore at St. Jean, island of Orleans. It is stated that such a measure would be very useful to navigators and prevent a number of accidents.

May I inquire from the Minister of Marine if, in No. 133 of his estimates, there is an amount set aside for providing at St-Jean, island of Orleans, a signal service absolutely necessary to the navigation of the St. Lawrence river?

Mr. DURANLEAU (Translation): Mr. Chairman, the inquiry made by my hon. friend from Quebec Montmorency (Mr. Dorion) would come under item No. 148, Marine Signal Service. However, I am ready to answer his inquiry immediately. No amount in the estimates is specially affected to the erection of a semaphore at St-Jean, island of Orleans. There is a round sum which we request the house to vote and part of which might be used to erect a semaphore, if we find it possible. I must state that the question has already been submitted to the department and is, at present, under consideration.

Mr. MERCIER (St. Henri) (Translation): Since the construction of the island of Orleans' bridge, has there not also been a question of the Quebec province providing a semaphore to enlighten and satisfy the member for Quebec-Montmorency?

Mr. DORION (Translation): It is evident that my hon. friend is ignorant of where the bridge of the island of Orleans is located. This bridge is located between the north shore and the island. The distance between these two localities is about 15 miles and navigation follows the south shore and not the north shore.

Mr. POULIOT (Translation): In this case, I would suggest to the hon. Minister of Marine to first grant the request which my colleague, the hon. member for Quebec-Montmorency, has just made, to erect a semaphore at St-Jean, island of Orleans, then, since the hon. member took such an interest in the building of the island of Orleans bridge, another semaphore should be erected on the bridge.

Mr. CASGRAIN (Translation): Since we are discussing this subject, may I inquire whether, the alignment lights for the service of signals which exists at Betchouan, below Havre St. Pierre, will be again maintained this year? I was informed by letter that the department intended to discontinue the maintenance of these signal-lights, and navigators around these parts inform me that it is most important for those who navigate in these waters to have lights to guide them.

Mr. DURANLEAU (Translation): I cannot at present give a definite answer to my hon. friend. This question is under the supervision of the committee on lights of the Department of Marine. I shall make the necessary inquiries and inform the hon. member.

Mr. CASGRAIN (Translation): I think it is petty thrift to economize a few hundred dollars and imperil the lives of fishermen and navigators of that locality. Although we must practice thrift, I think it would be money well invested if the Department of Marine maintained these signal-lights.

Mr. BOUCHARD (Translation): It is a burning question!

Mr. DURANLEAU (Translation): The Department of Marine has no intention of placing the life of fishermen or navigators in jeopardy by removing the signal-lights where they are absolutely required. I have full confidence in the committee on lights, however, if it is necessary to look into the matter, I shall do so personally.

Mr. CASGRAIN (Translation): What are the duties of this committee on lights and who are the members of this committee?

Mr. BOUCHARD (Translation): There must also be dark spots.

Mr. DORION (Translation): Fortunately you are not included otherwise it would be total darkness.

Mr. DURANLEAU (Translation): The committee is composed of the heads of the various branches of the Marine department, including a representative of the Shipping Federation. The members of this committee hold meetings now and then and make recommendations after visiting the various localities to study the requirements of navigation.

Mr. CASGRAIN (Translation): Does this committee meet yearly? Has it meetings on fixed dates or do they meet when they please.

Mr. DURANLEAU (Translation): The committee does not hold regular meetings. When a sufficient number of requests have been addressed to the department, the committee meets, holds an inquiry and reports.

Mr. CASGRAIN (Translation): Can the minister inform the house as to the last date this committee met?

Mr. DURANLEAU (Translation): According to my information, the last meeting took place in December.

Mr. CASGRAIN (Translation): Will a meeting be held in the near future when he can submit such requests as I have just mentioned.

Mr. DURANLEAU (Translation): If there are important requests, as those mentioned by the hon. member, the committee will certainly meet before this spring.

Mr. CASGRAIN (Translation): Before the spring? I suppose you cannot give the approximative date?

Mr. DURANLEAU (Translation): No, we shall fix a date when we have before us all requests relating to next year's navigation.

Mr. CASGRAIN (Translation): Is the Deputy Minister of Marine included in this committee?

Mr. DURANLEAU (Translation): The assistant deputy minister is.

Mr. CASGRAIN (Translation): The assistant?

Mr. DURANLEAU (Translation): We have no deputy minister, at present.

Mr. FAFARD (Translation): Will the assistant deputy minister be appointed deputy minister?

Mr. CASGRAIN (Translation): I was just going to put the same question. Can the minister inform the house when this appointment will be made? I inquired the other day, but the minister was unable to give me the information.

Mr. DURANLEAU (Translation): I have already informed my hon. friend that the appointment of heads of departments is the prerogative of the right hon. Prime Minister and I cannot answer for him.

Mr. CASGRAIN (Translation): The minister has a word to say in the matter.

Mr. MERCIER (Translation): Item No. 133 is somewhat vague. Would the hon. minister furnish the house with some details and say how this amount of $37,000 is distributed, so that we may have some idea of what these various services in connection with the navigation include? What is the intention of the department in this respect?

Mr. DURANLEAU (Translation): It includes an amount of $15,000 for examinations navigators undergo; $5,799 for navigation schools; $2,000 for—

Mr. MERCIER (Translation): For certificates, I suppose?

Mr. DURANLEAU (Translation): —to assist navigators in poor circumstances. An amount of $6,296 is included for inquiries in connection with wrecks or accidents; $2,000 for the registration of ships in Canadian ports; $2,000 to remove obstacles in the navigable routes of Canada. There is also an amount of $4,000 for inspection of cattle ships going overseas.

Mr. POULIOT (Translation): Are the first two items of $15,000 each?

Mr. DURANLEAU (Translation): No, the first item amounts to $15,004, and the second to $5,700.

Mr. MERCIER (Laurier-Outremont) (Translation): Where is this navigation school located?

Mr. DURANLEAU (Translation): We have schools at Halifax, St. John, N.B., Yarmouth, Quebec, Kingston, Prince Rupert and at Collingwood.

Mr. CASGRAIN (Translation): There is none in Montreal?

[Mr. Casgrain.]

Mr. DURANLEAU (Translation): I am informed that there is a private school in Montreal.

Mr. CASGRAIN (Translation): A school under the supervision of Capt. Raymond?

Mr. DURANLEAU (Translation): Yes, under the direction of Capt. Raymond.

Mr. CASGRAIN (Translation): Who are the professors at this private school? Has the minister any information in connection with this private school?

Mr. DURANLEAU (Translation): We have no information.

Mr. CASGRAIN (Translation): Is this school subsidized by the Department of Marine?

Mr. DURANLEAU (Translation): No.

Mr. CASGRAIN (Translation): The hon. minister stated, a moment ago, that this item included an amount for inquiries in connection with wrecks or accidents to ships. Does this come under the Wreck Commissioner, Capt. Demers, or is there is a special item to that purpose?

Mr. DURANLEAU (Translation): I mentioned, a moment ago, the amount of $6,296 for inquiries in connection with wrecks or accidents. That is the item which concerns the department of Capt. Demers.

Mr. MERCIER (St. Henri) (Translation): Out of this $15,000, what are the salaries paid, per year, in these navigation schools?

Mr. DURANLEAU (Translation): I have not with me the list of salaries paid. I can, however, state that the salaries are proportionate to the services rendered by these professors.

Mr. MERCIER (St. Henri) (Translation): How many professors are there? I shall be satisfied with this information.

Mr. DURANLEAU (Translation): We have a professor in each school. I can give their names, if the house wishes for that information.

Mr. CASGRAIN (Translation): Yes, give us their names.

Mr. MERCIER (St. Henri) (Translation): Also the date of their appointment.

Mr. DURANLEAU (Translation): Mr. O'Hara, at Halifax; Mr. Pollock, at Saint John, N.B.; Mr. Hilton, at Yarmouth; Mr. Lachance, at Quebec; Queen's University, at Kingston; Mr. Elfert, at Prince Rupert; and Mr. Coles, at Collingwood.

Mr. POULIOT (Translation): In connection with these professors, will the hon. minister permit me to point out a fact? At present, things are abnormal. If the country is so depressed, it is, perhaps, because there are too many doctors. There are doctors not only in medicine, but in various occupations. There are people eminent like the Prime Minister and the leader of the Opposition who have received a number of university degrees, yet the name of Dr. Bennett is no more heard of than that of Dr. King. I wonder whether all these professors are doctors. There are gentlemen who sometimes receive the degree of doctor in law from universities who hold no chairs, yet these gentlemen are all along called doctors. I wonder if these professors are doctors and whether their names appear in the public accounts with this degree attached like that of certain individuals inscribed with the degree of doctor and followed by very numerous letters, in the documents relating to the House of Commons—doctors in bluff!

Mr. CASGRAIN (Translation): Some time ago I inquired from the minister about an accident which took place last year, in August, on the St. Lawrence river, when the Empress of Britain collided with another ship at the mouth of the Saguenay river. I wanted to know whether an inquiry had been held under the supervision of the Wreck Commissioner. The minister answered that there had not been one. I then asked why an inquiry had not been held and the minister answered that in the opinion of the Marine department an inquiry was not necessary. I put similar questions, about the same date, in connection with another accident which took place at "ile Rouge," when a ship belonging to the Clark Co. was dashed on the island, and the answer was the same, that in the opinion of the Marine department, an inquiry was not necessary. If I am not mistaken, there is a provision in the Marine Act that, when a rather serious accident takes place, an inquiry must be held. In the first instance, the accident was serious enough since two boats came into collision, the Empress of Britain and another ship. In the second case, the ship had been dashed on the island and remained there for a few days. Certainly there was, in both cases, a casualty at sea and the act provides that in all such cases an inquiry must be held.

I have, as counsel, defended a pilot when it was a case of a ship which had slightly touched a rock, near Tadoussac, four or five years ago. When the inquiry started before Commissioner Demers, I contended that there was no necessity of proceeding with this case, because there had not been a sea casualty in the sense of the law, since there was no damage sustained, the ship having continued its course and arrived safely at Quebec, and later, at Montreal. I note that in both cases to which I referred, no inquiry was held, although a collision took place, and, in the other case, the ship remained on the rocks, I think, for a day. The reply of the hon. Minister of Marine was, in both cases, that in the opinion of the Marine department an inquiry was not necessary. I wish to inquire why the Minister of Marine, on his own initiative, decided, contrary to what the Act states in such cases, that no inquiry was necessary.

Mr. DURANLEAU (Translation): Mr. Chairman, in connection with inquiries, the rule which the Department of Marine has always followed, is that an unofficial inquiry is held by certain officers of the department. When, in the opinion of the department, there is not sufficient grounds to warrant an official inquiry, that such an inquiry would throw discredit on the St. Lawrence or our navigable routes, when the matter has no consequence, the department considers that it is better not to hold an inquiry first, on account of the outlay involved and then because no purpose would be served. In both cases quoted by my hon. friend, a moment ago, the officers of the department came to that conclusion which, moreover, I approved. I think that neither the good name of the St. Lawrence, nor the companies interested, nor the employees of these companies, nor the passengers and pilots suffered from the fact that an inquiry was not held. As to the Empress of Britain, it was but a bare contact, and after looking into the matter the department decided that an official enquiry was unnecessary.

Mr. CASGRAIN (Translation): Will the hon. minister state on what section of the Act he bases his decision?

Mr. MACDOUGALL: Mr. Chairman—

Mr. CASGRAIN: I should like an answer from the minister.

Mr. MACDOUGALL: I happen to understand the French language and consequently can appreciate the altercations proceeding between my hon. friend and the minister. I think, in fairness to those who do not understand the French language, these items should be discussed in English as well as in French.

Mr. CASGRAIN: I should like to have an answer from the minister.

Mr. DURANLEAU: In English or in French?

Mr. CASGRAIN: In French or in English: either will satisfy me.

Mr. POULIOT: I would advise my hon. friend in the meantime to learn French on the bilingual currency.

Mr. DURANLEAU (Translation): May I inform my hon. friend that there is no provision in the act which obliges the minister to hold an inquiry in case of an accident.

Mr. CASGRAIN (Translation): There is a provision which states that each time a maritime wreck or accident takes place, an inquiry must be held.

Mr. DURANLEAU (Translation): Section 762 of the act is as follows:

> The minister may appoint any officer of the government of Canada, or any judge of any court of record, or any local judge in admiralty of the Exchequer Court of Canada, or any stipendiary or police magistrate, to be a commissioner to hold formal investigations, or any formal investigation, and a commissioner shall for that purpose be a court.

Therefore, it is not compulsory.

Mr. CASGRAIN (Translation): Is it by virtue of this section that Captain Demers acts as commissioner of inquiry?

Mr. DURANLEAU (Translation): It is by virtue of this section that Captain Demers acts as Commissioner of Inquiry when the minister considers it necessary to hold such an inquiry.

Mr. CASGRAIN (Translation): He is appointed each time, in each particular case, to hold an inquiry?

Mr. DURANLEAU (Translation): No, he is officially appointed, but we instruct him to hold such and such an inquiry when we consider it necessary that an inquiry should be held.

Mr. CASGRAIN (Translation): I realize that in the cases quoted by the minister, there might be special reasons for not holding an inquiry; however, in the case to which I referred, a few moments ago, it was unnecessary, to my mind, to hold an inquiry, and the fact that the department ordered an inquiry put this pilot, at the time, to heavy costs. He was afterwards absolved of all blame, but nevertheless had to pay the costs of a protracted inquiry when there was really no reason to order an inquiry. Perhaps there are two weights and two measures in special cases.

Mr. FAFARD (Translation): The crossing at St. Roch is known as one of the most dangerous spots to ships on the St. Lawrence river. At that point a float was built some years ago, but it is on the eve of disappearing. This place is known, in the language of navigators, under the name of "Rock Algernon." I wish to inquire from the Minister of Marine whether it would be possible to grant the request of pilots and the shipping federation and make considerable repairs to this float. It is a very dangerous spot. Last summer, I think that a few ships met with accidents there. I had occasion last year while travelling on a vessel, to view this float. Half of it has been washed away. The swiftness of the current at that point is 8 miles per hour. The material damages caused to ships within the last two years amounts to as much as it would have cost to repair that float. I think it would be more appropriate to make the necessary outlay to repair that float than to dredge the north channel of the St. Lawrence river. I am not opposed to the dredging of the north channel, however, with the present depression, when the government's financial situation is bad, I think that such works could be postponed, and that we could, as in the past, make use of the south channel.

I shall avail myself of this opportunity to request the hon. minister not to reduce this year the piloting rates. I think I read in some newspapers, these last days, that the shipping federation again insisted this year that the pilotage rates should be reduced. Pilots have certainly a right to our gratitude for the services they render, and by treating them rightly we could obtain from them a still better service.

Since I am on the subject of pilots may I refer to the apprentice pilots. At present, these young men who are obliged to do an apprenticeship of five or six years, cannot find work on the vessels of the Canadian merchant marine. I think they should be given the preference over all others, especially over foreigners, so that they can complete their apprenticeship and later become captains of ocean going ships or excellent pilots. I have no reproach to make against the Minister of Marine in connection with the apprentice pilots, he has but followed the routine established fifteen or twenty years ago, however, I think that the request I have just made should be granted.

Mr. CASGRAIN (Translation): I was unaware that the question of pilots could be discussed on this item of the estimates. I therefore seize the opportunity to put in a word. Pilots have certainly rights. I am aware that in the past, under all regimes, under this government as well as under previous governments, there has always been

requests made, each year, by the shipping federation and other marine companies, to reduce pilot dues.

This class of citizens are highly respectable and have a right to our consideration. I think that the services they render to navigation are of the highest order and should be appreciated to their real value. No notice should be taken, of the requests to reduce, this year, their pay and privileges. The hon. minister, who hails from the province of Quebec will, I hope, keeps his ears and heart open; he is aware of what is said and done, and, I trust that like all his predecessors, whether they were from Quebec or elsewhere, he will extend his protection to this deserving class of people, in Quebec. Will the hon. minister, now, inform the House whether it would be possible to have access to the reports he referred to in connection with the collisions I referred to a short while ago. These reports were submitted to the minister himself by the officials of his department and they advised him that enquiries were unnecessary as regards the Empress of Britain and the Northern Voyageur? Would the hon. minister afford me an opportunity of examining these documents?

Mr. DURANLEAU (Translation): To the last question made by my hon. friend, I may state that if there is a written report, I have no objection to let him see it.

Mr. CASGRAIN (Translation): To whom shall I apply to see this document?

Mr. DURANLEAU (Translation): The hon. member may write to me and I shall be pleased to furnish him with the information required.

Mr. CASGRAIN (Translation): Are not these documents under the care of certain officials of the department?

Mr. DURANLEAU (Translation): A minister may take the trouble of replying personally to a representative of the people.

Mr. CASGRAIN (Translation): I just as much like to deal with the minister, although I have no quarrel with his officers. I trust that the minister will take into serious consideration my remarks in connection with the pilots as well as those of my hon. friend from l'Islet and that he will extend his protection to this class of citizens.

Mr. POULIOT (Translation): Mr. Chairman, the minister is in a very pleasant mood to-day; he will allow me to point out certain things in connection with the pilot schools. There was, at one time, a great number of pilots in Quebec; a large number of people followed this calling. Unfortunately, for some time past, the young men have drifted in other directions. To my mind they should be encouraged. In pilot schools, a list is kept of apprentice-pilots who have been found eligible, they are supposed to obtain a position as soon as a vacancy arrises. However, I am informed that for a number of years—I do not blame the minister or his predecessors in this respect—the minister has discriminated in making appointments among the eligible pilots instead of following the order of merit or the list already set up. I wonder if the minister would mind giving a chance to all the young men whose names are on that list by showing no favour, and allowing those at the bottom of the list to rise gradually, so that they may receive fair treatment. This is a humble suggestion which I make to the hon. minister. It is the more sincere since I am very little acquainted with the apprentice-pilots whose names are on the list in his possession.

Would it be possible for the minister to find positions of apprentice-pilots or pilots for a number of young men who are at present without work? A large number of our young men after going through college are at a loss what to do. At that period of life young men have, to some extent, a craving for adventures. Among this class it seems to me that a number could follow this maritime career and become pilots. The occupation of pilot is sufficiently lucrative, but, at present, navigation is less active than in previous years. Let us hope for better days. I make a second suggestion to the hon. minister: that of finding an occupation for young men coming out of college, who are at a loss what to do, by allowing them to study pilotage on ships.

Mr. DURANLEAU (Translation): Mr. Chairman, replying to the remarks made by the hon. members for l'Islet, Temiscouata and Charlevoix-Saguenay, in connection with the pilots and their salaries, may I assure them that we shall, as much as it is in our power, do justice to all interested parties. I have much sympathy for pilots and apprentice-pilots and I always have given much consideration to their representations. May I inform the committee that, recently, the Quebec and Montreal pilots and apprentice-pilots, met at the Marine Department the heads of the Shipping Federation. I was pleased to pass half a day listening to the arguments of the interested parties; the latter requested a reduction while the former insisted that last year's cut of 5 per cent be not continued this year. We are studying the question and I hope that the decision we arrive at will be satisfactory to all parties concerned.

As to the apprentice-pilots, we have also heard their claims and no complaint was ever made that favour was shown in the appointments made from the eligible list. I do not think that my hon. friend from Temiscouata can point out one case where the apprentices, at the bottom of the list, were given preference over those who headed the list. I do not assert it, however, I would be pleased if such a case was brought to my attention.

Mr. POULIOT (Translation): This was done in 1926 by Mr. Patenaude. I am delighted to hear the statement of the hon. minister however, I was aware that the thing had been done. I do not wish to further insist. I neither doubted the good faith of the hon. Minister of Marine.

Mr. DURANLEAU (Translation): With reference to the other question broached by my hon. friend from l'Islet, I shall look into the question of the float to which he referred, and should we find it possible to carry out his suggestions, we shall do so at the beginning of the navigation season.

Mr. POULIOT (Translation): I named Mr. Patenaude, I am not positive whether he was the minister, I was alluding to the Minister of Marine in the shadow government.

Mr. FAFARD (Translation): I wish to thank the hon. minister for the way he listened to my request. I do not hide from him that this request will entail a considerable outlay. Some work has already been done and the government engineers are perfectly conversant with the outlay required. What I have in mind is the safety of the navigation on the St. Lawrence. Ships from all parts of the world travel on the St. Lawrence and the accidents which might occur would be disastrous not only from a material viewpoint but for the good name of the St. Lawrence waterway.

Mr. VENIOT: Perhaps when I was not in the house the item concerning lighthouses was considered. I should like to ask the minister however if under this item he could give me any information touching the dismissal of Beverly Stewart, lightkeeper at White's Cove, the reason for his dismissal, and the fact as to whether or not there was any investigation. If he has not the information now I shall be content to have it later.

Mr. DURANLEAU: I would be pleased to answer the hon. member under item 145.

Mr. VENIOT: It comes up later?

Mr. DURANLEAU: Yes.

Item agreed to.

[Mr. Duranleau.]

To provide subsidies for wrecking plants—Quebec and British Columbia, $40,000.

Mr. POWER: May I ask what amounts are paid in subsidies under this item to Quebec and British Columbia?

Mr. DURANLEAU: There is $30,000 paid yearly to the Quebec Salvage and Wrecking Company Limited, and $10,000 to the Pacific Salvage Company under contracts.

Mr. POWER: It seems to me that the amount paid in connection with Quebec is paid to an American concern?

Mr. DURANLEAU: No.

Mr. POWER: I believe the firm is called Merritt and Chaplin. Formerly the payment was $25,000; when was it raised to $30,000?

Mr. DURANLEAU: When the present government took office the amount paid was $60,000 a year, under contract. I am sure about that; the estimates and public accounts show that I am correct. Since last year we reduced the amount by $30,000; it was cut in half.

Mr. POWER: To whom is it paid?

Mr. DURANLEAU: To the Quebec Salvage and Wrecking Company Limited; the Canadian Pacific Railway is the owner of more than one-half of the shares of the company.

Mr. POWER: Is it not a fact that an American firm of Merritt and Chaplin do the work?

Mr. DURANLEAU: No. We have an assurance from the Canadian Pacific Railway that they own over 51 per cent of the shares.

Mr. POWER: They may own fifty shares, and one extra to somebody else—but I doubt even that. I believe if the minister gets further information he will find the concern at Quebec is run almost exclusively from New York city. If they perform the service properly, I have no objection, but I believe the minister should make inquiries. I have not any definite information in my hand, but I do know that correspondence with respect to matters of policy must be referred to New York. Then, can the minister tell me how long the contract will be in existence, and when it was made?

Mr. DURANLEAU: Do you mean with the Quebec Salvage and Wrecking Company?

Mr. POWER: Yes.

Mr. DURANLEAU: For two years.

Mr. POWER: When was it made?

Mr. DURANLEAU: About the first of April last, for a period of two years. The contract is to run this year and next year.

Mr. POWER: Without putting a question on the order paper, would the minister undertake to let me have a copy of the contract at some time in the near future?

Mr. DURANLEAU: Yes, I shall do that.

Mr. MACKENZIE (Vancouver): For what time is the contract with the Pacific Salvage Company?

Mr. DURANLEAU: The contract with the Pacific Salvage Company will expire in 1935; I think it is a contract for ten years.

Mr. QUINN: Mr. Chairman, I protest again against this item in the estimates. The government is economizing in every branch of every department, and I consider this is an unnecessary expenditure. There are wrecking companies in the maritime provinces who, when they undertake to do any wrecking or salvaging, have to go out and take their chances. I do not see why wrecking companies in the provinces of Quebec and British Columbia should be subsidized when companies in the maritime provinces have to carry on without any government assistance. Every year when this item has been called I have protested, and I protest again to-day.

Mr. DURANLEAU: As I have already told this committee, the subsidies paid to these two companies were cut by $30,000 last year. But we felt that we had to pay those subsidies in order to maintain on the Pacific coast and in the St. Lawrence a first class service. We had proof that the companies were operating at a loss, and could not give further service if they had not been paid that subsidy. I think my hon. friend will admit that the St. Lawrence, which is navigable for nearly one thousand miles from the gulf to Montreal, is a difficult river to navigate, and we had to secure the best service possible.

Mr. NEILL: This vote ought to be supported by all British Columbia members. I do not know about the conditions on the Atlantic, but if we had not this vote on the Pacific we would have no wrecking plant at all. It is very necessary.

Mr. MERCIER (St. Henri): Do we understand that if we have a wrecking plant at Quebec it is because the accidents on the St. Lawrence river are so few that no private company could afford to operate there; and that in the maritimes accidents are so numerous that they justify the incorporation of private companies?

Mr. PLUNKETT: There is only one efficient company on the Pacific coast. If this subsidy is eliminated it will certainly curtail the service, and anyone who lives by British Columbia waters knows of the many dangers and the numerous wrecks occurring there every year. I think it would be a great mistake if this item should ever be eliminated. I am sorry it is not much larger.

Item agreed to.

Miscellaneous and unforeseen expenses, $9,000.

An hon. MEMBER: What are the unforeseen expenditures?

Mr. DURANLEAU: It is to provide for miscellaneous items that cannot be anticipated or provided for elsewhere, such as criminal investigations, legal expenses, arbitration proceedings, advice and assistance of experts, damages, supplies for shipping masters, and other things of like nature. Take for instance the inquiry about the Cymbeline.

Mr. CASGRAIN: How much did that inquiry cost the government?

Mr. DURANLEAU: We have not received the bills yet, except the stenographers' bills, if I remember correctly.

Mr. CASGRAIN: The solicitors' bills are not in?

Mr. DURANLEAU: Not yet.

Mr. CASGRAIN: May I ask if there is any counsellor at law specially attached to the Department of Marine?

Mr. DURANLEAU: Not at the present time.

Mr. POULIOT (Translation): Mr. Chairman—

An hon. MEMBER (Translation): Hear, hear! Speak French!

Mr. POULIOT (Translation): Would the hon. minister be kind enough to furnish the house with details of the divers and contingent expenditures made in connection with this item last year.

Mr. DURANLEAU (Translation): I can furnish the expenditure from 1920 to 1930, if required.

Mr. POULIOT (Translation): That would be very interesting.

Mr. DURANLEAU: I have no objection, but it would be quite long.

Mr. POULIOT: I would like to have them.

Mr. DURANLEAU: It is a full page.

Mr. POULIOT (Translation): Would the minister be kind enough to give us the main items of this expenditure? There is no need of going into details for every 25 or 10 cents; we wish to have some details as to the large amounts, those above $10.

Mr. CASGRAIN (Translation): All amounts above $10 are considered large enough to-day.

Mr. DURANLEAU: Up to the 31st of January, 1933, the sum of $4,440.19 had been expended.

Mr. SULLIVAN: What is the largest item?

Mr. DURANLEAU: The largest item is $2,186.40 for travelling expenses, Ottawa and return, re investigation—

Mr. POULIOT: That is Sir Alexander Gibb?

Mr. DURANLEAU: That is for professional services in connection with the investigation regarding the loss of the Bright Fan.

Mr. POULIOT: Was Sir Alexander Gibb, the great expert, paid from that item?

Mr. CASGRAIN (Translation): Are there others as important, but less than $2,000 and on which we could be furnished with details.

Mr. DURANLEAU: There is a sum of $951 for professional services in connection with the Halifax harbour inquiry, C. B. Smith, fees and expenses.

Mr. POULIOT: Who is he, a barrister? From where?

Mr. DURANLEAU: Halifax.

Mr. CASGRAIN (Translation): Are there other items beside this one?

Hon. Mr. DURANLEAU (Translation): I have a whole page.

Item agreed to.

Life-saving service, including rewards for saving life, $50,000.

Mr. POULIOT (Translation): Would the minister be kind enough to state what amount of this $50,000 was awarded for saving life? While the hon. minister is looking up the information, I shall make a suggestion to him and I shall make the same suggestion to all members of the government. . . . .

Mr. DURANLEAU: Answering my hon. friend from Temiscouata, I am told that the rewards paid under that item during last year do not amount to more than $250.

Mr. POULIOT: To how many people were they paid?

[Mr. Duranleau.]

Mr. DURANLEAU: I am told that the largest amount was over $200 paid to the crew of the Montcalm when they rescued the Reindeer last year.

Mr. POULIOT (Translation): Does this amount of $250 include the medals awarded for saving lives?

Mr. DURANLEAU: I am told they did not get medals in the circumstances.

Mr. POWER: How many lives did you save with $250?

Mr. DURANLEAU: All the lives were saved.

Mr. POULIOT (Translation): How many lives were saved, for $250?

Mr. DURANLEAU (Translation): I am unable to furnish the house with this information.

Mr. CASGRAIN (Translation): I beg your pardon?

Mr. DURANLEAU (Translation): I cannot state the number of people who were on the boat.

Mr. POULIOT (Translation): Mr. Chairman, before making the suggestion mentioned, a moment ago, will the hon. minister allow me to point out that we are examining an item of $50,000 for saving lives and those who did save lives were awarded but $250 of said amount. We have no knowledge of the number of lives saved, however, the hon. minister states that the crew of the Montcalm was awarded $250 for having saved the crew of the Reindeer. I made an inquiry as regards the medals awarded but received no answer. We must bear in mind that a person who, under similar circumstances saves the life of another human being, risks his own. Since this person risks his life, like the soldiers who sacrifice their lives on the battlefields, he is as much deserving as them.

While on this topic, sir, may I point out how ridiculous it seems to have certain decorations distributed here and there, while those who save human lives are awarded but $250. The vote amounts to $50,000, yet only $250 is awarded to those who save human lives, while decorations are scattered profusely among a crowd of nonentities because they happen to have money. To my mind this is absurd. I am glad of this opportunity to state that the only persons entitled to official decorations and medals are those who risk their lives to save that of others, such as soldiers on the battlefields or people who dive into the water to rescue a fellow being or again those who go to the rescue of people

that are shipwrecked. It is not, at present, a question of titles but of medals offered for sacrifices made and which deserve the sincere gratitude of the nation.

May I make a suggestion to the hon. minister, this suggestion also applies to all his colleagues in the cabinet. I think that when a minister is appointed to a department he should interview all the officials of that department; his deputy minister—when the post is vacant, the assistant—the legal adviser, the secretary of the department, the heads of branches and clerks, and inquire from each of them what their occupation is. He should then visit all offices of the department and ascertain for himself how the work is being carried out. To my mind, this is simple common sense. The hon. minister evidenced common sense of that kind by visiting the lighthouses of Eastern Canada. May I congratulate him. A former Minister of National Revenue, the hon. Mr. Bureau acted likewise, he inspected all the customs houses of this country. That was the correct thing to do A minister should have full knowledge of the work being done in his department. For that reason, he should be continuously in touch with each of his head officials as well as those under them; he must know each one's duties and encourage them when it is necessary. I think the hon. minister has the right way of presenting his estimates, he is courteous and answers very satisfactorily the questions put to him.

However, for his personal guidance, he would feel better at ease if he was acquainted with all the officials of his department, and when information is required about Paul, Alfred or Louis, he could answer: So and so is performing such a task; such work is essential in such a branch or service of the department; I am acquainted with such a person who has rendered great services to the state. This is a suggestion to the hon. minister which I make to him through Hansard.

I notice the Prime Minister is not in his seat, I hope he is not indisposed. When he was absent from the house the other day, owing to illness, I was reproached for having mentioned his name. I trust that he is in excellent health this time. I would not mention the fact otherwise. I make the same suggestion to him which I also confide to Hansard; and if he is indisposed, I extend to him my sincere wishes for a prompt recovery.

Mr. CASGRAIN (Translation): Could the minister furnish the house with details in connection with this item of $50,000 for life saving service, and state where and how this amount is to be spent, beside the $250 which have just been discussed.

Mr. DURANLEAU: This item is for the upkeep of life saving stations all over Canada. I can give the list if it is required.

Mr. CASGRAIN (Translation): Where are they located?

Mr. DURANLEAU: There are some in British Columbia, others in Ontario and others in Nova Scotia, New Brunswick and Prince Edward Island.

Mr. CASGRAIN (Translation): Are there any in the province of Quebec?

Mr. DURANLEAU: I do not think there are any in the province of Quebec.

Mr. HANSON (Skeena): How many are there in British Columbia, and where are they located?

Mr. DURANLEAU: There are two in British Columbia, one at Bamfield and the other at Clayoquot.

Mr. CASGRAIN (Translation): What is the outlay for each of these stations?

Mr. DURANLEAU (Translation): The amounts vary.

Mr. POULIOT (Translation): That makes it interesting.

Mr. DURANLEAU (Translation): In British Columbia, an outlay of $21,500 was made; there are small stations in Ontario where $3,500 was expended; in New Brunswick, $6,900; Nova Scotia approximately $20,000; in Prince Edward Island, $300; the other small items amount to $2,400, which brings the total amount to $50,000.

Mr. BOUCHARD (Translation): There are none in Quebec?

Mr. CASGRAIN (Translation): May I inquire from the minister whether he has received requests to establish some of these stations in Quebec? I know that in certain parts of the gulf of St. Lawrence, at various times during the year, especially in the autumn, a number of fishing vessels and others have been badly damaged, moreover, wrecks and accidents have occurred. I think that, while no requests have been made, the advisability of establishing such a station should be considered; for instance, at Anticosti or in the neighbourhood, so that in case of accident we might be given the same service as in other provinces.

Mr. GOBEIL (Translation): They would have to be bilingual stations.

Mr. CASGRAIN (Translation): That remark does not reflect credit upon the hon. member.

Mr. DURANLEAU: My information is that there was no demand for the installation of any life saving stations in the province of Quebec, but I can look over the files and give the information to my hon. friend. I know that years ago there was a station at the Magdalen islands, but the station was doing nothing at all so it was dropped.

Mr. CASGRAIN (Translation): If my memory serves me right an accident happened years ago when the boats which carried on the service to the island of Anticosti were obliged, at their own risk and peril, without being fitted out for salvage purposes, to go out at sea and rescue a ship in peril. If such accidents sometimes occur during the stormy season, I think it would be good policy for the hon. minister to look into this matter, in consultation with the officers of the department. The question is worth looking into by the government.

Mr. DURANLEAU (Translation): Has the hon. member any locality in view?

Mr. CASGRAIN (Translation): I mentioned the island of Anticosti which is situated in the middle of the gulf of St. Lawrence. I am aware that accidents and wrecks have occurred near this island.

Mr. FAFARD (Translation): The hon. minister stated that there existed a station at the Magdalen islands and that they were obliged to close it as there were no drowning accidents. If such are the conditions, I would not request a station, however, if it can be a safeguard to fishermen I would request the minister to establish one.

Mr. MERCIER (St. Henri) (Translation): I am glad to hear that all these amounts will be spent in the maritime provinces. This is a proof that our St. Lawrence is a navigable and safe route which can be relied upon, it helps the good name Canada has abroad. I trust that we shall continue to maintain on the St. Lawrence, not life saving stations—if they are not required so much the better—but buoys and that the deepening of the channel will be continued that all modern installations will be resorted to and that care will be particularly taken to light up the channel, at night.

The hon. member for Inverness (Mr. Macdougall) complained, a moment ago, that we had a garage or a repair-dock, at Quebec, for vessels and that there were none in the maritime provinces; his wishes, however, have been gratified.

Mr. DURANLEAU: I quite agree with my hon. friend that the St. Lawrence is the safest for navigation and I consider that the best thing we can do to save lives is to provide the most efficient aids to navigation such as lights, buoys, signals and so forth. I do not think that any country has better safeguards than we have in the aids to navigation which we supply.

Mr. POULIOT: As the minister says that the river St. Lawrence is the safest place for navigation, I think that would be the best place for the government to stay.

Mr. MacLEAN: Has the life saving station at Alberton, Prince Edward Island, been discontinued?

Mr. DURANLEAU: Yes, it is closed. There is only one station, which is at Charlottetown.

Mr. McLURE: Is the Charlottetown station to be equipped and maintained this year by the Marine department?

Mr. DURANLEAU: The boat and equipment will be maintained during the season.

Mr. NEILL: During the spring of 1932 was a shore patrol maintained on the west coast of Vancouver island?

Mr. DURANLEAU: Yes. We spent last year on that patrol $2,500.

Mr. NEILL: Yes; but was it maintained during January, February and March?

Mr. DURANLEAU: Yes, it was kept in operation.

Mr. NEILL: What rate was paid the men? I think it was $90 per month.

Mr. DURANLEAU: The salary is $75 plus board allowance of $25, less the ten per cent cut.

Mr. NEILL: That would make it $90. Was a Mr. W. J. McDonald employed on that patrol during those three months?

Mr. DURANLEAU: Yes, during the winter months.

Mr. NEILL: Was he the same gentleman who afterwards got a contract to build bridges?

Mr. DURANLEAU: Yes.

Mr. NEILL: Without competition. That contract ended on October 19. Did he go back again on the patrol on the first of November?

Mr. DURANLEAU: When?

Mr. NEILL: This last November. If the minister does not know, I know; he did.

Mr. DURANLEAU: Why ask, then?

Mr. NEILL: He was also a mail contractor and provincial road foreman. There was a good deal of local unemployment there and men were, I will not say glad, because no one is glad to work at such low rates, but at any rate compelled to be glad, if I might put it that way, to take $2.80 a day and work on relief on roads, without board. I protest against this fat contract being awarded a professional jobster without competition. That is not the way to help unemployment there or anywhere else; certainly it is not my way. It may be the government's way, or the way of Mr. Graham and his satellites, but every one of these actions is a cheque drawn on the bank of vengeance, a draft drawn on the account of retaliation, and they must all be paid with interest on election day. There is one thing else I want to say. Patronage is dynamite in anyone's hands but it is doubly fatal when it becomes a personal attribute, used not even for the benefit of the party, not for the weal of the public, but against all those principles of fairness as between man and man, which have governed men's relations with one another ever since we emerged from the stone age. Patronage, I say, is doubly fatal when used in that way, and that is the way it has been used in this and other instances. I understand that there were some leftovers, lumber, nails and other materials, from this contract, the materials having been supplied by the government. What disposition has been made of those leftovers, and would it be in order if they were given to the contractor?

Mr. DURANLEAU: This contractor employed local men and it was the desire of that locality that local men should be given the work. They employed one man at $5 a day for 27 days and four men at $4 a day for 27 days. That was why no tenders were called for for this small job, after the estimate had been made by the officials of my department. Mr. McDonald is a first class—

Mr. NEILL: Politician.

Mr. DURANLEAU: —builder of wooden bridges, and we wanted local men put on the job.

Mr. NEILL: You could have asked for competition.

Mr. DURANLEAU: As regards the materials, I cannot give information but I suppose that such materials as were not used should be returned to the department.

Mr. NEILL: They will be?

Mr. DURANLEAU: I suppose they will—

Mr. NEILL: They should be.

Mr. DURANLEAU: —but I am not sure. There is a distance of four thousand miles separating Ottawa from the Pacific coast and we have to rely on the agent, who has a first class reputation there.

Mr. NEILL: If there is anything left over it will be returned?

Mr. DURANLEAU: If any part of the material we supplied has not been used in the construction there is no doubt it will be returned to the department.

Mr. POULIOT: Will these estimates be taken up again to-night?

Mr. DURANLEAU: Are there not some private bills?

Mr. POULIOT: After the hour for private bills.

Mr. DURANLEAU: I do not know; I hope so.

Mr. LAPOINTE: The boss is not here.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The CHAIRMAN (Mr. Ross): When the committee rose at six o'clock we were considering item No. 137 "Life saving service, including rewards for saving life, $50,000."

Item agreed to.

Hydrographic and tidal and current surveys, and to provide for the maintenance and repair of hydrographic steamers, $464,000.

Mr. CASGRAIN: How much was expended for hydrographic and tidal and current surveys and how much to provide for maintenance and repairs of hydrographic steamers? In this item there is a decrease of $4,000, but covering two distinct operations.

Mr. DURANLEAU: The expenses are not separated.

Mr. CASGRAIN: Where were these surveys made last year and what is the program for this year?

Mr. DURANLEAU: The Acadia, one of our hydrographic boats, was employed on the north shore of the gulf of the St. Lawrence; the Cartier was employed on the lower St Lawrence; she carried out investigations and completion of hydrographic survey of Magdalen islands. Then there was a survey in Hudson strait, where a schooner or launch and a shore party operated at the western end of the strait. There was also work done on the St. John river and lake Winnipeg.

Mr. VENIOT: What section of the St. John river?

Mr. DURANLEAU: Up to Fredericton.

Mr. VENIOT: Between St. John and Fredericton?

Mr. DURANLEAU: Yes. We had another survey on the Pacific coast where our steamship the Lillooet was employed under the direction of Captain Parizeau.

Mr. CASGRAIN: At what places were the hydrographic surveys made on the north shore of the river St. Lawrence?

Mr. DURANLEAU: The survey was made between Natashquan, Cape Whittle and Point d'Amour.

Mr. CASGRAIN: Where were the supplies for the Acadia purchased? Were they purchased in Quebec or in the eastern provinces, and were any supplies purchased on the north shore of the river St. Lawrence? If so, where and from whom?

Mr. DURANLEAU: I cannot give definite details as to that. I know the Acadia was equipped at Halifax. She has her base there and some of the equipment and supplies are taken on at Halifax before she leaves for the season. The rest, I suppose, is purchased where the boat is operating.

Mr. CASGRAIN: But the minister has before him no information as to where on the north shore of the river St. Lawrence such supplies were purchased?

Mr. DURANLEAU: I could not say offhand.

Mr. CASGRAIN: Were there on board that vessel men hired from amongst the people of the north shore of the river St. Lawrence, or were the men for the vessel all selected at Halifax, or where did they come from?

[Mr. Casgrain.]

Mr. DURANLEAU: The main part of the crew is taken from Halifax, because they have to take the boat to where she has to perform her duties; the other men as a rule are taken on from where the boat is operating.

Mr. CASGRAIN: Has the minister any record of the men hired on the north shore of the river St. Lawrence?

Mr. DURANLEAU: I have not that here, but I can get it for the hon. member.

Mr. CASGRAIN: I should like the minister to give me a list of the men hired while the vessel was on the north shore. Who is in charge of the hydrographic survey on that vessel? I know there is a captain and the regular officials, but I wish to know the name of the engineer in charge, under the direction of the department, of the hydrographic survey.

Mr. DURANLEAU: We have an experienced officer on each of these boats. On the Acadia the engineer is J. U. Beauchemin, who has had years of experience in hydrographic work.

Mr. CASGRAIN: He is a very competent man. Who was in charge of the hydrographic survey work on the other vessel, the Cartier?

Mr. DURANLEAU: H. L. Leadman.

Mr. CASGRAIN: Where was the work performed by the Cartier?

Mr. DURANLEAU: The Cartier was working on the Gaspe coast, taking currents.

Mr. CASGRAIN: Who was in charge of operations on the Cartier as engineer?

Mr. DURANLEAU: The engineer Leadman, I think. I will ascertain, but I think it was he. He has been on that boat for years.

Mr. CASGRAIN: Can the minister give us an exact figure as to the cost of these operations on both these vessels, the Acadia and the Cartier, for the whole of last season?

Mr. DURANLEAU: I cannot give the exact figures as to the cost last year, but the amount is about the same every year. I shall give my hon. friend the estimate for the coming year, if that is satisfactory to him.

Mr. CASGRAIN: Does that include food for the employees, fuel?

Mr. DURANLEAU: Yes.

Mr. CASGRAIN: Will the minister give us amounts?

Mr. DURANLEAU: It is estimated that during next season the expenses on the Acadia will amount to $87,536. This includes staff salaries, $13,176; wages, $24,000; supplies, $38,000; repairs, $7,800; travelling, $1,200 and miscellaneous, $3,360.

Mr. CASGRAIN: This item refers also to repairs to hydrographic steamers. Were repairs necessary on either of these two vessels last year, or are any repairs impending for the coming year?

Mr. DURANLEAU: Just the running repairs have been effected.

Mr. CASGRAIN: Nothing special?

Mr. DURANLEAU: No.

Mr. NEILL: I have had occasion to differ from the minister once or twice and perhaps on occasion mildly to criticize him. For that reason it gives me much pleasure to certify to the good work his department has done on the Pacific coast in connection with the item under discussion. There has been no political interference and the result has been excellent and always will be as long as the work is done under Mr. Parizeau, who is a first class man. Is it the intention to put into commission both the Wm. J. Stewart and the Lillooet during the coming year?

Mr. DURANLEAU: The Stewart alone will be put into commission this year.

Mr. NEILL: But the Lillooet will be retained and possibly be used when times get better, I hope, because there is ample work for both steamers on the coast, as the minister doubtless knows.

Mr. DURANLEAU: Yes, I know the work there is very important, and we will keep the other boat in case we need it.

Item agreed to.

Radio service, to provide for the construction and maintenance of radio ship to shore stations and the general administration of the provisions of the Radio Act and regulations throughout the dominion, $679,550.

Radio service, to provide for the general improvement of reception conditions to licensed broadcast listeners, $280,400.

Mr. LAPOINTE: Why are there two items for radio service instead of one?

Mr. DURANLEAU: The provisions of the Radio Act are carried out under the first item, and the second item is for the broadcasting service.

Mr. LAPOINTE: But that comes under the Radio Act just as much as the other. The issuing of broadcasting licences for instance, comes under the Radio Act. Are two items inserted so that the total amount will not look as big as if there were only one item?

Mr. DURANLEAU: No. If my hon. friend will look at the estimates of previous years, he will see that these two items have always been treated separately.

Mr. LAPOINTE: I know, but what is the reason?

Mr. DURANLEAU: I am advised that one relates to broadcasting and the other to the ship-to-shore service.

Mr. CASGRAIN: Is there not the same general administration for the two services?

Mr. DURANLEAU: Yes, but it is better to have the two items separate, I am informed.

Mr. BOUCHARD: Is that to avoid interference?

Mr. DURANLEAU: As much as possible, yes.

The CHAIRMAN: Is it the pleasure of the committee that these two items be taken together?

Some hon. MEMBERS: Yes.

Mr. LAPOINTE: I want to take advantage of this opportunity to call the attention of the committee to a certain matter which to me at least seems very strange. Last year the minister was attending the world radio conference at Madrid, and by the way he promised me to give the house a report of his activities at that conference. Two months ago he stated that he would give such a report in the course of a few days, but we have not yet received it. It would be interesting for the house and the country to know what my hon. friend has done at that conference, and what benefits the country has received from his attendance there.

But what I wish to speak about particularly is the issuing of a broadcasting licence to a newspaper in Montreal at the end of October last. Another queer thing about the issuing of this particular licence is that it has had the effect of making this paper a very good and faithful Conservative newspaper. I would not like to suggest that that was part of the bargain, but at all events that has been the effect. I remember very well during the year 1930, when my hon. friend the member for Richelieu was Minister of Marine and

Fisheries, he told us that he and the department were refusing to issue any new broadcasting licences because a royal commission was then investigating radio matters and the country was preparing for a national policy on radio. Accordingly no new licences were issued in 1930, and no new licences were issued in 1931. During the session of 1931 this parliament enacted legislation which is known as the Radio Broadcasting Act, nationalizing radio. We unanimously supported the legislation which the government brought down, and under that legislation this new radio commission, which was supposed to be absolutely non-political, was to supervise the issuance of radio broadcasting licences. As a matter of fact, there is a clause in the act which authorizes the commission even to cancel existing licences and which provides that no new licences can be issued without the approval of that commission. I asked a question in the house the other day, and I was informed that that commission was appointed on the fifth of October, 1932. The committee may see at page 1915 of Hansard the answer that was given to my question. The commission was appointed on October 5, 1932, and sworn in on October 31, 1932. But on October 28, 1932, three days before the commssion was sworn in and twenty-three days after it had been appointed, the Minister of Marine issued the radio licence I have mentioned to La Patrie in Montreal. I say that that was an insult to parliament, a violation of the pledge given to parliament, and a violation of the law. It was an insult also to the members of the commission. Either they agreed to it, which they should not have done under the circumstances, or if they did not agree to it, they are not the men who should be members of that commission if they acquiesced in the issuance of the licence notwithstanding. The licence was issued between the time of their appointment and the time of their swearing in as members of the radio commission. I protest against this thing having been done obviously for political purposes—I do not hesitate to say that—after the unanimous stand which the House of Commons took last year on this radio broadcasting question.

Mr. DURANLEAU: I understand, Mr. Chairman, that we are considering items 139 and 140 together. Perhaps item 247 might be discussed at the same time.

Mr. CASGRAIN: That is not the same thing. That item has to do with the organization of the commission. The one we are now considering has to do with radio broadcasting.

Mr. DURANLEAU: I thought that the observations of my hon. friend from Quebec East might be considered as coming under item 247.

Mr. LAPOINTE: They come under item 139 as well.

Mr. DURANLEAU: Just a word in answer to the observations of my hon. friend from Quebec East in regard to the licence issued to La Patrie Publishing Company a few days before the radio commission was sworn in. Montreal is the largest city, the metropolis of Canada.

Mr. LAPOINTE: We all know that.

Mr. DURANLEAU: In the city of Montreal there were only two licensed broadcasting stations, while in other cities of Canada with smaller populations there were at least five stations with greater power than had those in Montreal. In my absence the acting minister of my department saw fit to grant a licence to the newspaper in question. There is nothing wrong in that; I can see nothing wrong in it. At the present time there are only three stations in the city of Montreal. In my view that is not too many, and I do not believe the commissioners would object to it. If they wish to object, it is their privilege to do so.

Mr. LAPOINTE: Were they consulted?

Mr. DURANLEAU: Of course they were not consulted, because they were not in office at the time. I want to say this, further, that even to-day licences are granted by the Minister of Marine.

Mr. LAPOINTE: Yes.

Mr. DURANLEAU: Yes, they are granted by the Minister of Marine, so I am suggesting that there is nothing extraordinary in the matter.

Mr. LAPOINTE: But the granting of a licence has to be approved by the commission.

Mr. DURANLEAU: The hon. member says La Patrie is a Conservative paper, and that the licence was granted because of that fact. I do not believe the hon. member is sincere in that statement. I am not here to defend La Patrie and its attitude in politics, but I shall say there is another paper in Montreal which has a broadcasting licence.

Mr. LAPOINTE: And has had it for years.

Mr. DURANLEAU: Is it not fair that a French newspaper with a circulation as wide as has La Patrie should have at least a small station?

Mr. CASGRAIN: They could have waited one or two years.

Mr. DURANLEAU: I do not see anything wrong in the matter. Then, the hon. member mentioned the conference at Madrid. In reply may I say that the report of the head of the delegation is ready in both languages, and I can lay it before the house at any time.

Mr. LAPOINTE: All right.

Mr. DURANLEAU: But the annexed treaty or agreement, the protocols, regulations, and so on, have been prepared only in the French language because, as the committee is aware, French is the only official language used in printing the documents of the convention. However, if it is the wish of the committee I am ready to lay the report, which is printed in both French and English, before the house.

Mr. LAPOINTE: Either language will do.

Mr. DURANLEAU: The pile of documents to be annexed to the report is ready in the French language only, but at the present time we are working on a translation of those documents, so that they may be placed before the house in both official languages.

Mr. POULIOT: It would be the same thing as laying an egg without the white and the yolk.

Mr. DURANLEAU: I see it is the wish of hon. members that my report be tabled, even though the annexed material is ready in only one language. It will be tabled within a few days.

Mr. LAPOINTE: Let us have it in one or the other of the languages.

Some hon. MEMBERS: No.

Mr. LAPOINTE: Either language suits me.

Mr. ERNST: Both languages.

Mr. LAPOINTE: I shall be pleased to have it in English, French, or both, but I want to have it. Further, I should like to be well understood concerning the licence issued to La Patrie. I do not object to the fact that La Patrie has obtained a licence, but I do object to the way it has been issued. No new licences had been issued for the last few years. We understand that the Minister of Marine may still issue broadcasting licences, but in spite of what he has said, parliament has enacted that no licences shall be issued by him unless they are approved by the board. Years having passed without any new licence being issued, this legislation having been put into effect, and the board having been appointed, does the minister believe it proper that three days before the board is sworn in, he or his acting minister, without consulting the board, should issue a licence? In that way the board is operating in the face of a fait accompli. I say it is not right; it is not fair to parliament and, if it was done without the consent of the board—which I do not doubt—it was not fair to them. In any case the practice was objectionable, and as a member of parliament I protest against this strange conduct of the Department of Marine and Fisheries. I do not wish to speak more strongly.

Mr. POWER: I believe the committee should be familiar with all the circumstances. If my memory serves me correctly, in 1930 a commission headed by Sir John Aird was appointed to inquire into the whole matter of radio. A great deal of money was spent; the commission travelled throughout Canada and I believe even went to Europe in order to lay down a definite radio policy for Canada. Not satisfied with that, this House of Commons appointed a committee to study the matter, and the report of that committee was accepted by hon. members on all sides of the house. I think we may safely say that since this government came into power we have never seen such good feeling in the house or such unanimity of opinion as on the day the radio bill was introduced.

Mr. RALSTON: Except on your report about the soldiers.

Mr. POWER: I am speaking of the feeling in the house since 1930. Member after member from all parts of the house stated that the whole operation of the radio system in Canada should be safely confined to a commission.

Mr. CASGRAIN: And that it should be non-political.

Mr. POWER: Yes, and that the commission should carry out the work the committee and the Aird commission had recommended. First of all, when the Aird commission was investigating, no radio licence was issued. The hon. member for Richelieu (Mr. Cardin), the then Minister of Marine and Fisheries, stated definitely he would not issue any new licences because he wished the national body which would be in control of radio to take that responsibility. If that was not expressly stated in the house—and I think it was—at

least the house was given to understand that radio matters would be controlled by the new radio commission. Yet twenty odd days after its appointment, and three days before it was sworn in—not the minister, who was absent representing the country at a bull fight—I know he is not in the habit of fighting the bull; it would be unparliamentary to say what else he would do with it—

Mr. MANION: The bull fight is here.

Mr. POWER: In any case the minister was absent in the performance of his duty, and no doubt when the report comes down we will know that he represented Canada honourably and to the credit of the country. But while he was away, and behind his back someone issued a licence to a newspaper which is very prominent in the Conservative interest in the city of Montreal. It is said it is a small licence. True; but, Mr. Chairman, you remember very well Marryat's novels, you remember the case where it was pleaded that it was only a little one. But the crime is exactly the same whether it be a little one or a larger one. I submit, Mr. Chairman, that the committee require more explanation than that given by the hon. minister in which he tells us that Montreal is a great city. We agree that it is a great city, it is a wonderful city, and up to the time this government came into power it was progressing in a remarkable degree. And as to telling us that La Patrie is a big newspaper with a large circulation, and has as much right to have a radio broadcasting licence as La Presse, we agree with that too, but we submit that the issuance of a licence to La Patrie should have been done openly, frankly, and by the commission duly appointed by this house to issue such licences. Surely they could have waited two or three days more. If they had a right to have a licence—and I should be the first to say they have—the place to submit their claim was before the radio commission. It seems to me the minister is not really serious when he says that if the commission does not like it or does not approve of it they could cancel the licence. He knows very well that a large sum of money is involved in the obtaining of such a licence and in the putting into operation and maintaining of a proper broadcasting station and system. Even though this licence were issued without the proper procedure, issued injudiciously, wrongly, clandestinely, I do not think it should be cancelled, because it would involve too much financial sacrifice on the part of the people to whom it has been issued.

[Mr. Power.]

But I do believe we should have a better explanation from the minister or whoever was the acting minister in his absence.

Mr. CASGRAIN: Who was the acting minister?

Mr. DURANLEAU: I do not want to prolong the debate on this question. My hon. friends say that no other licences were issued since the Aird commission was appointed.

Mr. POWER: No.

Mr. DURANLEAU: I think my hon. friends are wrong in that respect. My hon. predecessor in the department made a statement to the house that no licences would be issued pending the report of the Aird commission—and I think I have made similar statements myself—except in cases where we thought we should issue a licence.

Some hon. MEMBERS: Oh, oh.

Mr. DURANLEAU: Yes, in cases of fairness and necessity. And as a matter of fact I think we issued in Ontario—

Mr. EULER: CKOK, Windsor.

Mr. DURANLEAU: —two or three licences last year, one in Windsor, because that part of the province had no reception whatever from Toronto, only from Detroit, and we thought it was advisable to grant the licence there. I think we granted a licence in another place in Ontario, I do not remember exactly where—I think Port Arthur.

Mr. LAPOINTE: Is that a big city too?

Mr. MANION: No mean city.

Mr. DURANLEAU: So I do not think my hon. friends are fair when they say no licences were issued except the one to La Patrie. We have done so when the minister thought he should do it in fairness to those who were asking for the licence. That is my explanation. The licence to La Patrie was granted by the acting minister in my absence—

Mr. CASGRAIN: Who was he?

Mr. DURANLEAU: —and I do not see anything wrong in that move on his part.

Mr. LAPOINTE: That is terrible; that is the worst part of it.

Mr. DURANLEAU: It was legal; the minister had the power to do it; there was no law at that time preventing the minister from acting as he did. It was his power—

Mr. POWER: And he abused it.

Mr. DURANLEAU: —and he must have received sound reasons.

Mr. POULIOT: Mr. Chairman, my mind is not satisfied. The hon. minister is a very able and prominent lawyer, and in that capacity he has evaded the question. I have listened with great interest to what my hon. friend from Quebec South (Mr. Power) has said, and my curiosity has been aroused even further. Since my hon. friend the Minister of Marine has spoken; I will tell you why, and tell you very candidly. The hon. member for Quebec South has shown great earnestness and great sincerity in praising the minister. He says: I do not complain about the fact that it has been given to La Patrie. We do not object to it; La Patrie may deserve it. It is not the fact that the licence was granted that we object to; it is the way in which it was granted. English is not my native tongue, and it is not the native tongue of the hon. Minister of Marine, but I express myself as well as I can; I could repeat the same thing in French or in Latin if you prefer. The point, the crucial point in this discussion, is this: Why on earth was it given under such circumstances?

Mr. DUFF: Not on earth; in the air.

Mr. POULIOT: No, it was given on earth to be used in the air. Let me quote the old Latin maxim so often memorized by members of the bar of such eminence as my hon. friend: Quis, quid, ubi, cur, quibus auxiliis, quomodo, quando? How was it given? Why? What was the raison d'être of granting it? What was the reason of the granting of that licence? That is the point. As the hon. minister of Marine smiles, I am sure he has understood the exposition of the facts.

There is another reason why I am very curious. My mouth watered when I listened to my hon. friend from Quebec South. Now I feel more eager after having listened to the minister, and why? The reason is very simple; it is that he said there was nothing wrong with the granting of the licence. If there was nothing wrong why does he not tell us the whole truth? Why does he conceal something, and leave something in the shade? If there was anything wrong he would be ashamed of what has been done, but if everything is all right he has no reason to be ashamed. He has done no wrong; he is like the king, who can do no wrong. Why then does he not tell us what happened? This is just as fascinating as a detective story.

Let me give the minister some pointers. The acting minister was the principal in granting the licence, while the present minister was an accessory, but now the minister is responsible; he is the principal. We do not doubt the motives that inspired the granting of that licence, but in order that we may have no reason to be suspicious let him speak openly, tell us the whole truth and hide nothing. Be fair with us; tell us everything about the granting of that licence and perhaps we will agree that everything has been all right. Until the minister does give us all the details, however, it will be impossible for us to agree that everything is in order.

Mr. CASGRAIN: In order that there may be no doubt as to what took place I think it would be well to read to the house the questions asked by my hon. friend from Quebec East and the answers given by the minister, which appear in Hansard for this session at page 1915. These were the questions and answers:

Mr. Lapointe:

1. Since the coming into force of the Canadian Radio Broadcasting Act, 1932, how many licences for broadcasting stations have been issued, to what persons or corporations were they issued, and where are those stations located?

2. Were any of such licences issued for new stations, and if so, to what persons or companies and on what dates?

3. When were the members of the radio board appointed and when were they sworn in as commissioners?

Mr. Duranleau:

1. One; issued to La Patrie Publishing Company, Ltd., of Montreal; station situated at 180 St. Catherine street east, Montreal.

2. Yes; licence issued to the La Patrie Publishing Company, Ltd., on the 28th October, 1932.

3. They were appointed October 5, 1932; the chairman and the vice-chairman were sworn in on October 31, 1932; the third member of commission sworn in on January 18, 1933.

To-night we have had the whole situation explained by the hon. member for Quebec East, the hon. member for Quebec South and the hon. member for Témiscouata; we understand exactly what took place in connection with the granting of the licence to La Patrie Publishing Company of Montreal. The commission had been appointed, but just before the commissioners took office this licence was issued. Why was that done? Clearly it was done for a political motive; evidently the government were not sure that the commission, after it came into existence and began to function regularly, would grant the licence under the conditions which existed. We know who is behind this newspaper in Montreal; everybody knows it. Everyone knows that this is a Tory newspaper in the broadest and largest sense of the word; there is no doubt about it. I think it is plain that

this licence was given especially to please our Tory friends in Quebec and to give them a chance to broadcast whatever they wished. Perhaps that is the reason why the letters are CHLP—Camelien Houde, La Patrie. That is exactly what took place; the licence was given for Tory purposes and Tory propaganda.

Mr. HACKETT: Why not?

Mr. CASGRAIN: In common with other members who have spoken, I do not object so much to this licence having been given a Tory paper, but I do object to the way in which it was given. I object to the fact that parliament and the commission were overruled, as well as the act we brought into being. That is where we find fault. Why not act in broad daylight; why go behind the back of the minister, when he was away, and have the licence issued by the hon. gentleman who acted for him at the time? Why give it in the dark?

Mr. LAPOINTE: In the blue.

Mr. CASGRAIN: Or in the blue, as my hon. friend says. To-day we have that newspaper using the broadcasting station for its own purposes and for the spreading of the propaganda of its party.

Mr. HACKETT: Why not?

Mr. CASGRAIN: I am not complaining about that, but I do suggest that the licence was issued in this way because perhaps the commission would not have granted the licence. Hon. gentlemen opposite wanted to be sure a licence was issued before the commission came into being, but now the minister says, "Well, it was given before the commission took charge. I was not there and I do not know anything about it. The gentleman who took my place saw fit to issue the licence; he thought it was all right."

I do not wish to complain so much about what was done at that time. A favour was given, it is true, but it was given in the wrong way, and to-day we have many complaints with regard to the programs broadcast from that station. When I was in Montreal the other day I did not have occasion to listen to this station, but many prominent people of Montreal complained to me with regard to what was broadcast. I should like to know from the minister if the programs broadcast from this station are under the control either of his department or of the radio commission. Recently I heard that some organizations in Montreal known as the Federated Labour Clubs were broadcasting addresses which were greatly resented in certain quarters of that city. Many people told me there was a touch of bolshevism about those speeches, and that they were directed against the government and the duly constituted municipal authorities. I should like to know if the commission is functioning and if it is doing all that is necessary by way of regulating these programs. If the commission is not doing anything along this line I should like to know if the minister has anything to do with it. I should like to know if the hon. gentleman controls the programs which are broadcast by that station.

Mr. LAPOINTE: Could not section 98 be applied?

Mr. CASGRAIN: I was just going to suggest that perhaps that famous section 98, which hon. gentlemen opposite voted to retain on our statutes, might be applied in this case, and the whole Tory outfit be confiscated. As I say, I have been told that what has been said over that station was more bolshevistic than anything else. The addresses spoke against constituted government and the constituted authority of Montreal.

Mr. LAPOINTE: From a Tory station?

Mr. CASGRAIN: From a Tory station. Hon. gentlemen opposite are the people who last week were so keen to retain on our statutes that famous section 98 of the criminal code. I should like to have the minister tell us something more about this station and something more about the members of that company which had enough influence and power to go behind the back of the commission and of the government in order to secure this privilege. Who was in charge there? Who were so friendly to the government of the day that they could get almost anything to promote their own ends and the interests of the party?

Mr. POULIOT: As the hon. minister is about to rise, may I ask a question? Would it be indiscreet to ask if the acting minister before granting this licence communicated with the minister either by cable, by long distance telephone, by mail, by radio or by other means?

Mr. DURANLEAU: In answering my hon. friend I would say, no. I still maintain that what has been done was done according to law.

Mr. MACKENZIE (Vancouver): We have been done well.

Mr. DURANLEAU: I think in all fairness it must be said that the paper La Patrie was entitled to a licence.

Mr. HANBURY: Let us admit that.

Mr. DURANLEAU: Nothing wrong was done. The minister had the power to do it and he thought he should do it in all fairness. As I told the committee, there were only two licences in the metropolis of Canada when other cities smaller than Montreal had as many as five, more channels than even the province of Quebec has at the present time. I think my hon. friends from the province of Quebec are unfair to their province when they object to the granting of a licence to this paper in Montreal.

Mr. HANBURY: That is just a smoke screen.

Mr. DURANLEAU: This is a Conservative paper, but do my hon. friends want every paper in the country to be Liberal? I think the electors of the country are entitled to read both sides of the story and are entitled to hear over the radio every angle of politics. My hon. friend asked whether the minister had control over the speeches made from La Patrie station. My hon. friend knows that even though the minister has the power to grant a licence, these stations are under the control of the radio commission. I remember the premier of Quebec objected some time ago to certain speeches made over this station, but I contend that the people at the head of this particular movement were within the law and had the right to propound their own ideas on politics. I ask my hon. friend to read the speeches which were broadcast last Saturday evening, I think by one of the leaders of the labour clubs of Montreal. Mr. Desrosieres made a speech last Saturday evening over this station in which he outlined the work they were doing. I invite my hon. friend to read that speech in La Patrie.

Mr. HANBURY: Is it good?

Mr. DURANLEAU: I think he will find it is absolutely within the law.

Mr. MACKENZIE (Vancouver): Do you agree with it?

Mr. DURANLEAU: I do not say that I agree with all the ideas propounded, but I do not think there is anything to be objected to. I hold that these gentlemen have the right to voice their views provided their statements are not against public order. They have the right to make speeches, and particularly the one made last Saturday evening. My attention had been called to the speeches made the week previous and I listened in last Saturday as well as reading the speech in La Patrie. If my hon. friend will look over this speech I think he will find it is absolutely in order.

Mr. POULIOT: Mr. Chairman, my disappointment is so great that I can hardly find words to give it voice. We have great respect for the Minister of Marine, but I was under the impression that he was a real fighter, a man who would stand up for his convictions. He leaves his native land for the land of the toreador, for the land of The Kid from Spain, to represent this country at an international radio conference. When a minister is away he still has in large degree the responsibility of his department. There may be an acting minister, but an acting minister is rather a dummy; he is there to look after the routine work. I have heard the right hon. the Prime Minister (Mr. Bennett) say that no decision would be made before the return of a full minister—

Some hon. MEMBERS: Order.

Mr. POULIOT: —of a department, even though the department was in charge of an acting minister. I am afraid that because of what the acting minister has done, the minister must be considered as a fooled minister. I am very sorry about this. There is also a constitutional point to be considered. After the full minister had been told of what had happened, he should have offered to resign from the cabinet because an important step had been taken and an important decision arrived at without authorization from him. This decision was made and what he should have done was to go to the Prime Minister and tell him that he had to choose between either the full or the acting minister, that one of them must resign. But the minister did not do this, and I cannot understand why. But as everything is all right, according to the hon. gentleman, as he wishes to hide nothing from us, will he be good enough to tell us how it is that La Patrie got that licence? May I tell him that I said nothing against La Patrie. They have their views. I respect even the views of the Minister of Marine; I respect the views of everybody. I do not complain of the fact that the licence was granted to La Patrie; I complain of the way in which it was given. Will the minister be kind enough not to say that I object to the licence being given to La Patrie? Would he tell us the inside story of the matter? Who recommended that the licence be granted? Was it Senator Webster, who travels around the world while people pay so dearly for coal in Montreal and other parts of Canada? Is it that powerful man who had that done in the absence of the minister? Was it done by the substitute of the minister while the latter was absent? Will the minister be kind enough to tell us that?

Mr. MITCHELL: Mr. Chairman—

Mr. POULIOT: The minister is just rising. It is the hour of the rising sun.

Mr. DURANLEAU: All I can say to my hon. friend is that an application was made and a licence was granted.

Mr. POULIOT: I thank the minister, but my mind is not yet satisfied. Who recommended the application to the department? I am sure the minister was not aware of the fact at the time the licence was granted, because he was not in Canada, but he must have learned since. His acting deputy, who is present, can tell him who recommended the granting of that licence. After I have learned this, I shall leave the minister alone on that point; my mind will be satisfied and I shall take his word. Was it Senator Webster?

Mr. DURANLEAU: I cannot say that any recommendation was made by anybody in favour of La Patrie. I have not the record before me. It may be there was some recommendation, but I cannot say whether there was or from whom it came. But La Patrie Publishing Company was such a well known firm that I do not think it was necessary for the acting minister to ask for recommendations. Conditions in Montreal were well known; as I informed the committee, we had only two licences there. The acting minister was aware of that fact; he knew that in other cities a larger number of licences had been granted previously, and it was only fair to such a large city as Montreal that it should have three licences. I do not think he needed any recommendation.

Mr. POULIOT: Then would the minister be kind enough to tell us who made the application on behalf of La Patrie?

Mr. DURANLEAU: I suppose it was La Patrie itself; it is an incorporated company.

Mr. POULIOT: Who signed the application?

Mr. DURANLEAU: I think the application was signed by the manager of La Patrie, Mr. Bender.

Mr. POULIOT: The manager had bien de l'air.

Mr. YOUNG: Was the application made before the minister left for Spain?

Mr. DURANLEAU: I think so. I would not say yes or no definitely.

Mr. YOUNG: The minister did not see it, anyway?

Mr. DURANLEAU: I am informed that the application was made on August 20.

[Mr. Pouliot.]

Mr. LAPOINTE: Was the minister surprised when he heard that that licence had been granted?

Mr. DURANLEAU: I cannot say that. I had heard of it, but I know no regular application had been made before my departure.

Mr. MITCHELL: I want to make just this observation. In connection with radio broadcasting, an important principle has been established this evening. When this side of the house charged that this licence was granted because the newspaper was a Conservative one, members or supporters of the government said: Why not? Why shouldn't the Cooperative Commonwealth Federation or the Labour party, or, for that matter, any other party, be granted a licence for a radio station?

An hon. MEMBER: Why not?

Mr. MITCHELL: Somebody says: "Why not?" Possibly, because we have not the money to operate one. Someone suggests that that is a good reason, and it is a good reason for what I am going to say now. With the development of radio broadcasting, we have reached a stage in this country where there should be rigid control of broadcasting of a political nature.

Some hon. MEMBERS: Oh, oh!

Mr. MITCHELL: The people who have the money say: "Oh, oh!" The people who are in a position to monopolize broadcasting facilities prior to an election say: "Oh, oh!" Now that we have set up a radio broadcasting commission along the same lines as the British Broadcasting Company, why not carry the matter to its logical conclusion and give every group that seeks the support of the electorate in an election equal opportunity of making its views known? I believe the government has created a dangerous precedent. The minister says: Why should both sides not be represented? Why shouldn't all three or, for that matter, all four sides, be represented? In my judgment, it is not an answer to the question for the minister to say: I left it to my deputy. That is ducking the responsibility of responsible government, and I believe it would be well if this house took the matter into consideration and even went so far as to recommend to the commission that rules be laid down governing the broadcasting of political matter, let us say, in the next general election.

I appreciate the fact that most progressive movements are composed of poor men. I am not unmindful of the power of money in an election, nor of the possibility and practicability of the people who have the money gaining almost a monopoly beforehand of the

best facilities of broadcasting over the national chains or the various stations of the dominion. What chance have the progressive, I might say radical party, if you like, if the situation as enunciated by the minister himself this evening is permitted to be developed? The best thing that has come out of this debate on the radio commission is that we have a clear-cut issue: Who is to control the broadcasting of political matter in this country? It would be well if we followed the precedent established in Great Britain whereby all groups seeking the suffrage of the electorate should have equal and ample opportunity of making their views known over our broadcasting stations, rather than that, as under present conditions, the man who has the most money should have the best opportunity of making his views known to the people.

Mr. PERLEY (Qu'Appelle): Following the statement just made by the hon. gentleman opposite, I might inform the committee that so far as the Cooperative Commonwealth Federation in Saskatchewan is concerned, I do not think he has anything of which to complain.

Mr. MITCHELL: I am not complaining.

Mr. PERLEY (Qu'Appelle): They are on the air every Monday night, as western members can confirm. The hon. member speaks about the party that has the money having the power to broadcast. In Saskatchewan the wonder is where the C.C.F. are getting the money to be on the air every Monday night. The government are on the air, I might say, only about once in six weeks and I know the western members can verify what I have just said.

Mr. EULER: I should like to refer to some remarks I made last session with regard to a radio licence that was granted in the city of Windsor to the station known as CKOK. Preliminary to what I have to say, I should like to mention again certain principles which were laid down by the Prime Minister when he introduced the radio bill, namely, that two of the purposes of having a radio commission were to ensure that radio stations located should be under Canadian control, and also that programs broadcast in Canada should be of Canadian origin, using Canadian material and fostering a Canadian spirit, if I might put it in that way.

Mr. DURANLEAU: If my hon. friend will permit me, would he have any objection to postponing his remarks on this question until the hon. member for East Essex is present? He is away this evening, and he asked me to bring up this matter when he was here.

Mr. EULER: I may not be here when he is here. I have no particular objection to the minister's request, but last year when I made my statement the hon. member for East Essex was not in the house, and when he made his statement I was not in the house. However, I am quite willing to agree to the minister's suggestion, but I should like to know when the matter is coming up again because I want to speak on it.

Mr. DURANLEAU: Any time my hon. friend wishes, except this evening if he will agree to postpone his remarks.

Mr. EULER: It is not particularly serious. My hon. friend from East Essex, for whom I have every regard and respect, can very readily answer my remarks to-morrow if I continue now. May I add that the member who should reply to what I have to say is the minister himself, and not the member for East Essex?

Last year when I brought this matter up I made the statement in the presence of the Prime Minister that the station at Windsor was controlled by Americans, not by Canadians, and that it was really created, in my opinion, for the use of the city of Detroit; that the United States people who are really behind the granting of that licence could not themselves obtain a licence in the city of Detroit, and therefore they sought a Canadian licence in order to serve that large territory, the city of Detroit. They got the licence. I made that statement, and on the following day, when I chanced not to be present in the house, the Minister of Marine made the following statement, at page 3432 of Hansard of May 25, 1932:

> As far as the department is aware, the company is a bona fide Canadian company and is under Canadian control.

The minister goes on to say with reference to the statement that had been made that the station was under the control of the Columbia Broadcasting Company, and that the Columbia Broadcasting Company had a similar arrangement with other Canadian stations. He cited the Rogers-Majestic and Gooderham and Worts in Toronto and the Canadian Marconi Company and La Presse in Montreal, and then he said:

> As far as the department is aware there is nothing happening as was stated by the hon. member for North Waterloo.

I must take that to be a direct denial, if you like, of the statement that the company was under United States control and that the greater portion of its programs was of United States origin. The minister further stated:

> If it was brought to the attention of the department that practically the whole time of this

station was being leased to American companies for the advertising of American goods in Canada, the department would take the necessary steps to see that such a practice did not continue.

I have no desire to injure any Canadian investment, and it may be that now this company is more largely under Canadian control than it was last year. But I do want to submit for the information of the minister, if he does not know it, and certainly for the information of the committee, that this is a United States station, or was as late as last June, and controlled by United States people.

I have here a price list issued by the Columbia Broadcasting system. They have a list of twenty-two cities, the basic network it is called, and among these stations are listed Detroit, Windsor. It does not even pay the compliment to the Canadian station of naming Windsor first. There are twenty-two stations listed here, only one of which is Canadian. There are no Toronto or Montreal stations listed as being in the basic network of the Columbia Broadcasting system of the United States.

I can give a little more proof as to the ownership of the station itself. I have before me sworn evidence given before the Federal Radio Commission of the United States, sitting in Washington, and I shall quote just sufficient from the evidence to prove what I have said. The question was asked:

What part of the stock of the Essex Broadcasters—

Those are the owners of the station at Windsor:

—does the Fort Industry Oil Company own? Does it own a controlling interest in the Essex Broadcasters Limited?

A. I will answer that in this way, that the exact amount is not determined, but it is a controlling interest.

The question was repeated:

Q. Is it a controlling interest?
A. Yes.

That is from the sworn evidence given before the Federal Radio Commission of the United States.

Mr. HEAPS: What is the date of that?

Mr. EULER: June 18, 1932. The investigation was held at Washington. My remarks of last year were made prior to the taking of this evidence, so I submit that at that time my statement was absolutely correct. It may be, and I am so informed by some Canadians who are interested in this station, and whose investment I do not desire to injure, that some change has taken place. The statement was made to me a few days ago that now 51 per cent of the stock is held in Canada. Whether that is so or not, I have no means of knowing. This, however, is true, that the other principle which was supposed to be observed is being violated; that is, that the greater proportion, in fact ninety per cent or more, of all the broadcasting, advertising and otherwise, that is done over that station, comes from United States sources. It does seem to me, and I say this in all kindness so far as the Canadians who are interested in this station are concerned, that that is not in accordance with the spirit of the creation of the Canadian radio commission. I said that ninety per cent of the broadcasting was of United States origin. I will give a few figures. I have a detailed record of the broadcasting from June 1 to June 8, 1932. It shows that ninety-four per cent of the time that CKOK was on the air in that period was used either by Columbia or Detroit. Anything that is broadcast by Columbia emanates I think from the city of New York. There were 192 announcements—I am referring to advertising alone—for Detroit merchants and 57 announcements for Canadian merchants. I have here the record of another week of broadcasting and the proportion is just about the same.

I would like to know if the minister can tell me whether the conditions as outlined here and as stated by me last year, and as they apparently existed in July of last year, still obtain. I hesitate to say to him that if he finds the facts are as stated he should cancel that licence. I know it is given as a reason or an excuse why American capital is interested in this station, that Canadian capital could not have been obtained. It is stated as a reason that the station had to take American advertising and American programs because they could not obtain them in Canada. I believe that is the fact. There has been a very large sum of money expended in that Windsor station, upwards of $200,000, and naturally the men who have invested their money in it are trying to get a return on their investment.

It was stated to me the other day by one who is interested in that station that it was quite impossible to get Canadian advertisers to contract for the time, and for that reason they had to accept United States programs. It was also stated that when those contracts expire Canadians could get on the air and make contracts in place of the United States citizens. But I doubt very much if they will at any time find enough Canadian business in the city of Windsor, important as it is, to take up the majority of the time of that station. The point I wish particularly to make, is that we are not observing the prin-

ciples laid down when the radio commission was formed, which stipulated not only that the companies should remain under Canadian control, but that that which they broadcast should be of Canadian origin and for the benefit of Canadian people. I should like, if possible, to have some information from the minister. This is one out of only thirteen Canadian channels. Last year we obtained more exclusive channels, and were very glad to get them. The channel in question is exclusively used by this concern, and it seems a pity to me that one of the channels so hard won by the Canadian people should be allocated almost entirely for the benefit of the people of another country. That is the point I wish to make, and if possible I should like to have some reassurance from the minister that the condition is better than that I outlined last year.

Mr. DURANLEAU: When the hon. member raised the same point last year the company in question was not in operation. The licence had been issued, but they were not operating. My information is that the company began operating on June 1, 1932.

Mr. EULER: I spoke in May.

Mr. DURANLEAU: Yes, I believe that is correct. I do not know the exact conditions under which they operated last fall, but I can say to the house that to-day the management is entirely in the hands of Canadians. More than fifty-one per cent of the capital is owned by Canadians, and all the directors are Canadians.

Mr. EULER: That does not mean very much.

Mr. DURANLEAU: There is one director from Sandwich, one from Windsor, one from Walkerville, one from Essex, one from Tecumseh and the remaining two from Windsor. There is no doubt that at the present time the management is in the hands of Canadians. Of course this broadcasting station, as all other Canadian stations, depends on advertising for its revenue, and as I said last year, so long as the stations operate on the present basis, one cannot readily see a reason why a Canadian station should not rent a certain amount of its time—

Mr. EULER: Yes, a certain amount of it.

Mr. DURANLEAU: —to United States advertisers, provided, of course, that no Canadian programs are offering.

Mr. EULER: Would the minister say that if a Canadian advertiser wanted to get time now he could get it?

Mr. DURANLEAU: Yes, I think so.

Mr. EULER: If they are under contract with Americans?

Mr. DURANLEAU: I think so.

Mr. EULER: Can the minister tell us how many purely Canadian programs ever issue from that station?

Mr. DURANLEAU: I cannot give that information now, but I can say to the hon. member and the committee that for some time my department have been following the operations of that station, and I frankly admit that we are not altogether satisfied with it. We believe that the station is giving an undue proportion of its time to American programs. If the control of radio stations had remained under the jurisdiction of my department it was the intention of the minister and the department to exercise more control over the company at Windsor. We had even thought of putting some conditions into effect when we renewed the licence for this year.

Mr. GRAY: Is not the commission itself under the control and regulation of the minister?

Mr. DURANLEAU: Since the radio commission has been in operation the station has come under its control.

Mr. GRAY: But is the commission not under the control of the minister?

Mr. DURANLEAU: To some extent, yes; they have to report to me. I have to be their spokesman in this house. But the commission has control over stations. I can say that the station in Windsor is carefully looked after by the radio commission, and I think that within a short time it will see that the station is operating according to law.

Mr. POULIOT: Is there another station at Windsor?

Mr. DURANLEAU: No, that is the only one.

Mr. POULIOT: May I suggest that the minister should give the station in Windsor to the Border Cities Star, a very good paper. The minister could do in Windsor what he has done in Montreal.

Mr. DURANLEAU: I do not think the hon. member can compare the city of Windsor with the city of Montreal.

Mr. POULIOT: No, but I can compare the Border Cities Star with La Patrie.

Mr. DURANLEAU: The hon. member for North Waterloo said a moment ago that

the Windsor station, because of the small size of the city could not get sufficient Canadian programs to employ all its time in broadcasting. I believe one station is enough for that city. I think however the committee may rest assured that the radio commission will look into the matter and give satisfaction.

Mr. POULIOT: My point of comparison is that the Border Cities Star and La Patrie may both be newspapers, but the Border Cities Star is a prominent newspaper.

Mr. MITCHELL: I understand that the station in Detroit, to which we are referring, began operations in June.

An hon. MEMBER: Windsor.

Mr. MITCHELL: No, Detroit; why not be fair about it? That is where it is operated from. I am informed upon good authority that seventy-five per cent of the broadcasting from that station is done from a Detroit studio. I understand from an employee of the station that the Windsor station is looked upon merely as a blind.

An hon. MEMBER: A blind pig.

Mr. MACKENZIE (Vancouver): Bootlegging radio.

Mr. MITCHELL: No, there are lots of those in Detroit—or at least there were, anyway. In my opinion this should be a Canadian station. I do not believe we should be merely a convenience at a time when channels on the other side of the boundary line become crowded. We should not permit the very few channels at our disposal to be used for that extra advertising. Those channels should be used for the benefit of the Canadian people. In my view that was the fundamental principle underlying the appointment of the commission in Canada. I do not believe it was ever intended that licence should be granted to a station which had for its chief purpose the dissemination of American advertising. I am not unmindful of the fact that possibly there is more financial gain in the broadcasting of American advertising. However I do not believe there is a great deal of excuse for the conditions which have obtained at Windsor. The station commenced operations in June and the radio commission did not begin its work until October. From June until October they operated with 75 per cent of the material emanating from a studio in Detroit and 25 per cent from a studio in Windsor. If it is to be an American station why not change the call and be frank about it? If it is to be a Canadian station it should be Canadian. I have no sympathy with the people who invested money under those conditions.

[Mr. Duranleau.]

Mr. EULER: Has the commission arrived at the point of putting in force the regulation that only five per cent of the time shall be devoted to advertising? Because I am quite certain that this station is not observing that regulation. Perhaps others are not either.

Mr. DURANLEAU: As my hon. friend knows, it was only in January that the technical member of the radio commission returned from England, where he was studying broadcasting operations, and, as stated this evening, he was not sworn in until, I think, the 15th or 16th of January. I could not say exactly how far the commission is exercising control of Canadian stations as to the five per cent of the time mentioned by my hon. friend. But I know it is preparing to enforce the law. This committee will permit me to add that personally I am of the opinion—and I will discuss the matter with the radio commission, —that the foreign programs handled by any Canadian station should be limited to programs advertising goods actually manufactured in Canada and to non-advertising programs of high quality. That is the view of the minister and of the department, I hope the radio commission will accept and enforce that view even in connection with the broadcasting station at Windsor.

Mr. MERCIER (St. Henri): I heard the Minister of Marine say he was not satisfied with the operation of that station. May I ask if he reported the case to the radio commission?

Mr. DURANLEAU: Oh yes, my information is that the case of that station is in the hands of and under consideration by the commission at the present time.

Mr. EULER: Has a new licence been issued?

Mr. DURANLEAU: The licence will not be renewed before the first of April; they come for renewal on that date. As I told the committee a minute ago, probably some restrictions or conditions will be imposed on that station before the licence is renewed.

An hon. MEMBER: The first of April? Make it the second.

Mr. SPEAKMAN: I think the hon. member for East Hamilton put his finger on the important feature, that is the division of air channels as between the United States and Canada. After all, in spite of the enormous amount of air, the available air channels are limited, and in the division between the two countries I understand that the air channels which Canada may use are comparatively

few. The arrangement between ourselves and the United States being what it is, the duty of our commission is to see to it that Canada does get her proper share of those channels. Undoubtedly, if the station at Windsor is being used as is stated, the effect is simply a detraction from the limited number of channels allotted to Canada, and an addition to those available to the United States.

I made a very interesting discovery the other day. I got a radio for the first time. I had always been under the impression that the tariffs of this country were sufficiently high to keep out anything American, or almost so. But to my amazement I found that at least three quarters of the programs sent out by a radio outfit in Alberta were American programs. I suggest to the minister that he confer with the Prime Minister and with the Minister of National Revenue and make certain whether or not there is a gap in their tariff wall.

Mr. EULER: May I, with some reluctance, but in the interest of my hon. friend the minister and his party, make one other suggestion? It is that since the president of this particular station at Windsor happens to be the president of the Conservative association, he be very particular to see that the regulations are carried out, lest he be accused of favoritism.

Mr. DURANLEAU: Well the radio commission is a non-political commission.

Mr. LAPOINTE: Is the minister smiling?

And hon. MEMBER: Yes he is.

Mr. SANDERSON: I would like to ask, for my own information and the information of the house, and perhaps of the country: Is the new radio commission under the control and jurisdiction of the Department of Marine?

Mr. DURANLEAU: As I have already stated, the radio commission has to report to the Minister of Marine.

Mr. MACKENZIE (Vancouver): And vice versa?

Mr. SANDERSON: Mr. Chairman, that is an answer, but I do not think it means much. I should like to press my question, because I regard it as important. A great deal of money will be spent on this radio commission; what service will they render, and to whom will they be responsible? Does the minister consider that he is really the chief of that commission? Or does the chairman of the commission report to him? Are they under his control, or are they under their own control?

Mr. POULIOT: Or is the commission responsible to the people, or to the Cooperative Commonwealth Federation?

Mr. SANDERSON: I think perhaps this is an opportune time for the minister to make a frank admission in regard to the whole broadcasting situation.

Mr. DURANLEAU: There is no admission to be made on the part of the minister.

Mr. LAPOINTE: He never admits.

Mr. DURANLEAU: The act is there, and there are a number of great lawyers on the other side of the house—my hon. friend from Quebec East could say better than myself. The act is short; it comprises only five or six pages, and one has only to read it to see whether the commission is under the control of the minister or not.

Mr. MACKENZIE (Vancouver): That is altogether too guileless.

Mr. DURANLEAU: To some extent I think I can say that the commission is under the control of the minister—if you can say, for instance, that the railway commission is under the control of the Minister of Railways. The radio commission is a commission that has certain powers.

Mr. GRAY: Is it a court?

Mr. DURANLEAU: No, it is not a court.

Mr. MACKENZIE (Vancouver): That is why it is different.

Mr. DURANLEAU: But the commission has administrative powers; the only requirement is that they report to the minister once a year.

Mr. SANDERSON: I am not yet through with my question. With all due deference to the minister I must say that I am not any wiser now than before I asked the question. I will put the question in another way. The minister says he does not really know whether he is in control or not—

Mr. DURANLEAU: No, I do not say that.

Mr. SANDERSON: He does not know whether the commission has to report to him or is responsible to him. May I ask this question: Is the chairman of the new radio commission in control of the minister? I think that is a fair question. The minister says he does not know. Who is head of the radio commission? Who is head of the broadcasting in this country? Is it the chairman of the commission or is it the minister?

Mr. DURANLEAU: It is the minister in his capacity as minister, together with the radio commission under the powers conferred upon them by the act.

Mr. LAPOINTE: Are you satisfied?

Mr. SANDERSON: No, far from it; in fact I am rather perplexed. With all due deference I would suggest to the minister that he let this item stand and sleep on it, and tell us to-morrow who is in charge.

Mr. DURANLEAU: Perhaps in the meantime my hon. friend might read the act and become posted on the actual situation. There are some powers that are exercised by the commission, who report to the minister, and in other respects they may be under the control of the minister.

Mr. SANDERSON: Does the minister report to the chairman of the commission?

Mr. DURANLEAU: My hon. friend is joking. The minister has no report to make to the commission. The commission reports to the minister, as I have already told the committee.

Mr. SPEAKMAN: May I ask the minister whether the actual relationship between the commission and the department is not somewhat similar to the relationship between the pension commission and the Department of Pensions and National Health?

Mr. NEILL: Once when I was at Sunday school—

Some hon. MEMBERS: Oh, oh.

Mr. NEILL: I observe with pain the frivolous reception which greeted that remark; it indicates the low mentality of those responsible for it. As I was saying, once at Sunday school I read a beautiful little book, into the details of which I will not go now, which was called "Alone, Yet Not Alone." That seems to describe the relationship between the minister and the commission.

Now that I have a chance, Mr. Chairman—for which I have been waiting patiently for an hour and a half—I should like to ask several questions for the sake of information, which I will put together so that the minister can answer them all at once. Possibly they do not come under this item, though I think they do. I should like to know which branch of the service, that is, the radio commission or the departmental officials, is charged with the issuing of licences for radio receiving sets. Then I should like to know the system now in vogue in connection with those licences. I remember that once we went to some government office, but more recently we have gone to the radio agent who sold the machine and obtained our licence from him. Perhaps he received a little rake-off or commission on those licences, and if so I would like to know what it amounted to. Now it appears that they are going to have it thrown into politics, as usual, and there will be one man appointed through political influence, which has happened already in my district. He will be termed the inspector of radio licences. Pretty soon we will have an inspector of dog licences, I suppose. I must say, however, that in the district I represent a very worthy man has been selected as chief inspector, and if my memory is not wrong—and I speak subject to correction—he gets a commission of ten per cent.

Mr. DURANLEAU: Is that Mr. McDonald?

Mr. NEILL: For once Mr. McDonald seems to have missed a job, but I have no doubt he will get the local appointment; I have every confidence in my hon. friend seeing that Mr. McDonald will get it. I understand, as I say, that the inspector gets a commission of ten per cent. Then there is to be a local man appointed by the patronage committee in every little centre, who will have charge of the actual issuing of licences, and if I am not mistaken he will get a commission of 25 per cent. That is a total commission of 35 per cent, representing 70 cents out of the fee of $2. I do not know any tax in Canada the cost of collecting which amounts to 35 per cent.

Mr. ARTHURS: Better look up the facts.

Mr. NEILL: I asked the minister to correct me if I am wrong, and I must say perhaps I am wrong about the 25 per cent, because I do not know. But if that is so, that is a tremendous cost for collecting these amounts.

Then there is just one other point on which I should like to get information, and I hope the minister will reassure me. We know that under the old system of control we paid $1 for these licences, but as soon as there was any suggestion of government control the fee was immediately jumped to $2, an increase of one hundred per cent. To a great many people the difference between $1 and $2 does not amount to anything, but to a great many more people it does mean a great deal. Now I see some symptoms, having a mean and suspicious mind, which I interpret as a sort of kite flying to see whether the people will stand for a fee of $3. I saw a suggestion recently in the Press that no doubt when the thing was working satisfactorily the people would not grudge paying $3 for such a valu-

able service. As I say, in a great many cases $3 is a very substantial item, and to many poor people living in the country whose only communication with the outer world is the radio a $3 fee will mean that the radio will have to be done without. I hope the minister will reassure me and say that the government or the commission, whichever is dominant, has no intention for this year at least of increasing the license fee beyond $2.

Mr. DURANLEAU: The collection of radio licence fees was made last year just as it had been made previously except that on July 1, three months after the beginning of the fiscal year, we appointed inspectors to go from house to house and ascertain those who had radio licences and those who had not. These inspectors were authorized to issue licences to those who did not possess them, and they were paid a certain commission.

Mr. NEILL: How much?

Mr. DURANLEAU: Forty cents per licence; we did not pay a cent more than that. I am glad my hon. friend has brought up the matter so that I may give this information to the committee and to the house. As a matter of fact the net revenue collected by the department and turned over to the Receiver General on account of licences issued during the ten months ending January 31, 1933, amounted to $1,396,447.57. After estimating the number of unissued licences remaining in the hands of dealers these figures represent approximately 735,000 licences actually issued to January 31, 1933. The distribution and sale of licences for that ten months period was as follows: 69·9 per cent or 513,776 licences were sold by dealers, at a cost of 7½ per cent.

Mr. MERCIER (St. Henri): What percentage is paid the dealer?

Mr. DURANLEAU: He is paid 15 cents per licence, which is at the rate of 7½ per cent, and of the 735,000 licences issued, 513,776 were sold by dealers at that commission.

Mr. MACKENZIE (Vancouver): How much does that amount to?

Mr. DURANLEAU: 69·9 per cent of the total for the ten months. The licences issued by the post offices numbered 130,535, or 17 per cent, and the commission paid was 2½ per cent or 5 cents per licence.

Mr. COOTE: Why the difference in the commission paid to the post offices and to other people?

Mr. MACKENZIE (Vancouver): What was the total commission paid out under these three schemes?

Mr. DURANLEAU: I am just giving the figures. To answer my hon. friend in the far corner I would state that the commission paid to the post offices is less because these officials are already paid by the government. It is very convenient to the taxpayers to be able to obtain their licences at the post offices, and this service costs the department only 5 cents per licence.

Mr. VENIOT: How many radio licences were sold by the banks?

Mr. HANSON (Skeena): In our district the mounted police issue the licences.

Mr. CASGRAIN: The sexton does it in some places.

Mr. DURANLEAU: The number of licences issued by the banks was 18,391 at a commission of 15 cents.

Mr. VENIOT: Would a bank in a town be authorized to issue licences at a 15 cent commission when it is situated within a hundred yards of a post office?

Mr. CASGRAIN: Why pay more to a bank than to a post office?

Mr. DURANLEAU: We do this in order to provide every convenience for the taxpayer in buying his licence. When a citizen goes to a bank he is able to buy his licence.

Mr. CASGRAIN: Why pay more to a bank than to a post office?

Mr. DURANLEAU: I have already given the reason; because the postmaster is already paid by the state.

Mr. CASGRAIN: The banks make more money than the post offices.

Mr. VENIOT: Why should a bank be authorized to issue licences at a 15 cent commission when it is situated within only fifty yards of a post office which receives only 5 cents? The minister says that the postmaster is already paid by the government, but the government would be saving money by taking this privilege away from the banks. God knows, they have enough privileges now.

Mr. MACKENZIE (Vancouver): How much was paid out in commissions to these various collecting agencies?

Mr. DURANLEAU: I was giving the figures.

Mr. SPENCE: Give him a chance to answer.

Mr. DURANLEAU: In answer to the question asked by the hon. member for Gloucester (Mr. Veniot) I would say that

four thousand small post offices are paid 15 cents per licence, the same as the banks. We do not allow all banks to issue licences; I am informed by the officials that this is done only when the bank is some distance away from the post office. I should like to know the place which my hon. friend has in mind.

Mr. VENIOT: It is Bathurst. The bank is situated within fifty yards of the post office and contains a notice "Radio licences sold here."

Mr. DURANLEAU: I will take note of that and we will see that some redress is made. From July 1 last the licences issued by our inspectors numbered 84,870 or 11 per cent. The Department of Marine received the fees direct for 15,083 licences or 2 per cent. The mounted police collected for 6,896 licences.

Mr. NEILL: What rake-off do they get?

Mr. DURANLEAU: I am told that so far the mounted police have received no commission.

Mr. MERCIER (St. Henri): They should all be collected by the mounted police.

Mr. DURANLEAU: I am told that the same commission paid to the inspectors, 40 cents per licence, is paid into their retirement fund.

Mr. TOTZKE: Are they not paid by the state?

Mr. DURANLEAU: They have to go from house to house, sometimes travelling miles in their own cars, in order to issue licences.

Mr. TOTZKE: Are they not paid by the state the same as the postmasters? Why should they get a bigger percentage?

Mr. DURANLEAU: Because they have to go from house to house like the inspectors. This commission does not go to them personally, it goes to their retirement fund.

Mr. GRAY: Are they not being paid by the government while they are going from house to house? Why should the mounted police receive anything extra when they are being paid by the government?

Mr. DURANLEAU: I suppose the matter was weighed and it was thought advisable that it should be done.

Mr. GRAY: Who authorized this payment, the minister or the commission?

Mr. DURANLEAU: The payment would be authorized by order in council.

[Mr. Duranleau.]

Mr. NEILL: I am like the member for Temiscouata (Mr. Pouliot), I am disappointed. I do not think the minister was quite fair in the argument he put forth. I wanted to know what arrangements had been made for paying men in the future, and I instanced cases where political appointments had been made. The minister came back by entirely begging the question. He said that 69 per cent of the licences were issued by dealers, but does he think we are so simple that we do not know that for the most part radio licences are taken out in the spring? These political appointments were made as late as October and possibly November, and the minister tries to draw a red herring across the trail by saying that the dealers had issued 69 per cent of the licences. That may be true for the past year but apparently it is the intention of the government to concentrate the issuance of licences in the future in the hands of these politicians. If I were a politician I certainly would insist upon getting the whole of the business, and not having it whacked up between the post office, the banks and the mounted police. The minister said that the inspector goes around from door to door and gets a 20 per cent rake-off, but unless my information is out of kilter—I got it from the press—I understand that there is another man underneath the inspector. I have read in the local press that Mr. So and So has been appointed supervisor, I think that was the word used,—I will call it inspector, if that will make the minister any happier—or special issuer of licences for the district of Comox-Alberni. The gentleman to whom I refer lives in the town of Courtenay. In the same paper or the succeeding issue I read that Mr. Somebody Else, also a resident in the town of Courtenay, had been appointed an issuer of licences. The first man was a superman; he attended only to the inspectorship and got a rake-off of 10 or 20 per cent. But this other man does the spade work; he issues the licences and he was appointed for the town of Courtenay. If that is not correct, I should like to be informed. Are there not two men engaged, one for the whole electoral district as supervisor and one vendor resident in each place? One of the latter will, I am sure, as the minister foreshadowed, be filled by his friend Mr. McDonald of Bamfield.

Mr. DURANLEAU: The hon. member for Comox-Alberni is quite right when he says that there is a supervisor. The department did not want to deal with more than one man in each district. That man would be responsible for the work and would have somebody else to help him out, to go from house to house, do the work and report.

Mr. NEILL: What did they get?

Mr. DURANLEAU: I think the man who has the responsibility for the whole district was supposed to keep for himself ten cents per licence.

Mr. NEILL: What does the other man get?

Mr. DURANLEAU: Thirty cents. The department had a regular price for every part of the country, namely, forty cents per licence. The supervisor keeps ten cents for himself and pays thirty cents to the vendor, the man who goes from house to house. That is forty cents, or 20 per cent of the license fee.

Mr. NEILL: Prior to that we used to have this done for seven and a half per cent.

An hon. MEMBER: Two and a half per cent.

Mr. DURANLEAU: Prior to last year no canvassing from house to house was done. This system was on trial last year. Before that the inspectors had no power to issue licences; they went from house to house finding out those who had not complied with the law and they had to report to the department. Last year we tried this system of giving power to these inspectors to issue licences.

Mr. NEILL: But in previous years the department used to issue them through the dealer or postmaster on a commission of two and a half per cent.

Mr. DURANLEAU: No. When the licence fee was only one dollar, we were paying 10 per cent, or ten cents a licence.

Mr. NEILL: Now the department is paying 20 per cent.

Mr. DURANLEAU: Now we are paying fifteen.

Mr. NEILL: Twenty per cent.

Mr. DURANLEAU: Fifteen cents per licence to the dealer, or seven and a half per cent, and two and a half per cent to the regular post offices; and we are paying seven and a half per cent to about 4,000 small post offices and seven and a half per cent to some banks.

Mr. NEILL: And 20 per cent to the inspectors?

Mr. DURANLEAU: Yes.

Mr. NEILL: That is 20 per cent to the inspectors who formerly used to get 10; that is my point.

Mr. DURANLEAU: This is because they have to go from house to house, to travel.

Mr. MACKENZIE (Vancouver): Will the minister answer the question I asked about half an hour ago?

Mr. DURANLEAU: I have been asked so many questions I cannot remember it.

Mr. MACKENZIE (Vancouver): My question was: What was the total amount of commission paid last year under these various classifications?

Mr. DURANLEAU: It was $119,000.

Mr. ILSLEY: Is that for the ten months ending January 31 of this year?

Mr. DURANLEAU: Yes. As I informed the committee, we collected $1,396,000 free of commissions.

Mr. MERCIER (St. Henri): But the printing of the paper, the licence certificates, cost something?

Mr. DURANLEAU: That is included in the expenses of administration of the department.

Mr. POULIOT: How many licences were issued last year when the fee was $2, and how many the previous year when the fee was $1

Mr. DURANLEAU: In the previous year under the $1 licence fee we issued 598,358 licences, or nearly 600,000. This year for the ten months we have issued 735,000 licences at $2.

Mr. LUCHKOVICH: Why is it necessary to pay any commissions at all? At a time like this when we need plenty of revenue, to pay men forty cents on every licence issued seems exorbitant. Why cannot the man who sells the radio simply send in a form to the department stating that so and so has bought a radio, and let it go at that?

Mr. ARTHURS: Before the minister answers, I want to show the other side of the question. It is true that the minister or someone on his behalf organized a plan to collect licence fees where they had not been previously collected, that is from those who had radios and had not paid anything to the government, the compensation being ten cents per licence to a supervisor in each constituency and thirty cents to the inspector, or 20 per cent in all. These men were given large territories, otherwise they would not have taken the job. Many men went around, spent days and days of their time, paid their travelling expenses and in the end did not get one cent of compensation for their work. The lucky men, largely in the big centres, issued licences, as the minister has said, up to a value of about $100,000, where the govern-

ment had previously obtained no licence fees. Those people had never before had licences issued to them. The suggestion of my hon. friend opposite that the vendor of a machine notify the government each time he sells one is all right to a certain extent; but it will be found that these machines are traded in and traded out; they pass privately from one party to another; there are many radio receivers throughout Canada that have not been in use for years and it would be very difficult to deal with the matter in that way. Some system of inspection is necessary, but where these men go into the back concessions in search of unlicensed machines, they should receive a decent fee, far more than the amount suggested by the hon. member for Comox-Alberni.

Mr. NEILL: Would that system not be done away with entirely if a rule were made that no radio expert could sell or repair a radio unless the owner produced his licence?

Mr. ARTHURS: But what about the following year?

Mr. NEILL: The radio would always need tubes or repairs.

Mr. SANDERSON: Is there in each district one man whom the minister calls a supervisor?

Mr. DURANLEAU: Except where in a constituency there are large cities.

Mr. SANDERSON: Does the supervisor appoint the inspectors?

Mr. DURANLEAU: He appoints the vendors or inspectors.

Mr. SANDERSON: Does he do that himself, or does he consult with the minister or the department or anyone else in connection with the appointment?

Mr. DURANLEAU: The supervisor attends to the appointments without any consultation with the department.

Mr. SANDERSON: How many inspectors would there be in each constituency?

Mr. DURANLEAU: It depends on the size of the constituency. We have nothing to do with that. We do not limit the number of inspectors. It is up to the supervisors to employ as many inspectors as they see fit.

Mr. SANDERSON: In my own constituency there is one supervisor, and there are very many inspectors. I know that in one town in my riding the inspectors work in pairs, going around two at a time, and I was wondering if one of them represented the minister and the other the chairman of the radio commission.

Mr. ARTHURS: Are they Liberals?

Mr. SANDERSON: They are not.

Mr. ARTHURS: They should be.

Mr. SANDERSON: Can the minister tell me how many inspectors he has in Ontario?

Mr. POULIOT: In the meantime might I suggest that each postmaster should sell his birthright to the Royal Canadian Mounted Police for a mess of pottage.

Mr. DURANLEAU: Was the question of my hon. friend from South Perth, how many vendors, dealers, banks, and so forth, there are?

Mr. SANDERSON: I am not interested in the banks or the postmasters at the moment, but only in the supervisors and the inspectors.

Mr. DURANLEAU: My information is that we have 47 supervisors in Ontario. I cannot answer as to the number of vendors.

Mr. SANDERSON: It is rather an important question. I think the committee has a right to know how many vendors, if you choose to call them such, or inspectors, there are in Ontario. I could not say offhand how many there are in my riding, but there are very many. Surely the minister can tell me how many there are in Ontario.

Mr. CASGRAIN: And in the other provinces too.

Mr. DURANLEAU: As we do not appoint the vendors my hon. friend can easily understand that I cannot give the number. We appoint in each constituency a responsible man called a supervisor who is responsible to the department, and we deal only with him. He can go around the constituency and canvass from house to house if he wants to, or he can appoint responsible men to work under him.

Mr. POULIOT: Is the supervisor responsible to the minister?

Mr. DURANLEAU: He is responsible to the department, and the only one who is responsible to the department. In order to see that everybody who has a radio obtains a licence we adopted a new system last year. We had ascertained that in the previous year at least 100,000 radio owners had not paid for a licence. We had tried to collect the fees in every way possible, by announcements over

the radio, advertising, and so forth, and last year we tried another mode of collection. We began organizing in July and continued up to September, because it was a new organization and it took some time. Under that new system of canvassing from house to house, instead of taking legal proceedings, as we did previously, against those who had not complied with the law in the first three months of the fiscal year, we collected 84,000 licence fees more than we had collected the previous year. Those supervisors finished their work to-day, February 28.

My hon. friend from South Perth asked how many vendors there were under the department. To-morrow we shall have none. We have not yet decided whether this new system will be in force for another year or whether another mode of collection will be tried, but the aim of the department is that every owner of a radio set shall pay for a licence.

A question was asked by my hon. friend from Comox-Alberni, whether we intended to increase the licence fee this year. I do not think there will be any question as to that this year. I think the licence fee will remain at $2, but I repeat that it is the intention of the department to see that every radio owner pays his licence fee.

Mr. COOTE: I seems to me that the minister has shown great diligence in collecting the licence fees. I think the committee would be interested in learning just what use has been made of the fees paid by the licence holders. What service has been rendered by the department? How many engineers are working in the field to see that radio reception is just what it should be? I wish the minister would also tell the committee what the commission is now doing. I understand that it has been operating for some time. Is the commission exercising a censorship, and if so, on what grounds do they decide who shall not be allowed to use the air? Has the radio commission yet broadcast any national programs, and if so, what telephone or telegraph lines are they using for these national broadcasts?

Mr. MALCOLM: The discussion is on the item of fees for radio licences. I quite appreciate the difficulties which the minister has in collecting the fees, but I doubt very much if the system under which radios are licensed is productive of the revenue which should be produced. The collection is a very laborious process for the amount of money derived. I do not think any new invention of modern times has presented just the same difficulties that radio has in the way of collection of fees. I would suggest to the minister, if he wants to get a reasonable return from the users of radio receiving sets, and if he wants to avoid the present difficulties of collection, he could go about it in a very simple way by wiping out entirely the licence fee for the use of a radio set, and instead ask his Minister of Finance when he brings down his budget in a few days to put a direct tax of twenty-five cents each on all tubes used in radio receiving sets. There is no logical reason why the man with a crystal set or a one tube set should pay a licence fee of $2, but the owner of an eight tube set might very well be asked to pay a tax of twenty-five cents apiece on radio tubes. The minister would then have no difficulties in collection. The manufacturers would pay the tax just the same as they do the sales tax, and every cent of the revenue would come into the treasury. The cost of collection would be nil, and the tax would be distributed more evenly among those who use radio receiving sets with tubes.

Mr. SANDERSON: If I heard the minister aright, he said that there were 47 supervisors in Ontario, but he did not know how many vendors or inspectors there were. There might be one or five or ten thousand—any number. Surely the minister has some knowledge or information concerning the number of inspectors in Ontario under the control of his department. They draw revenues from the public exchequer; they are public servants. Surely the minister knows how many there are.

Mr. DURANLEAU: I think I answered the hon. member's question. These vendors or inspectors were the employees not of the department but of the supervisors. We did not pay one cent to the vendors, but paid a commission to the supervisor. It is very easy to understand that since we had nothing to do with the vendors and dealt only with the supervisors, we cannot tell how many vendors there might be in each constituency. I should imagine the supervisor was a reasonable man—

Mr. SANDERSON: And a good supporter of the government.

Mr. DURANLEAU: I cannot say that; if they are reliable men we are satisfied. I should imagine the supervisor would give the jobs to three or four men; those men could not earn their living if there were too many in the constituency. The number of men required would of course depend on the size and importance of the constituency. I do

not think the hon. member can insist upon an answer to his question concerning the number of vendors in his or any other constituency in the province.

An hon. MEMBER: Why not?

Mr. SANDERSON: Although I do not know how many vendors there are in my constituency, my rough guess would be that there are at least fifty or sixty and all are servants of the government. Surely the minister must have some knowledge of the duties these men perform and the person to whom they are responsible. Were they responsible only to the supervisor? Has the minister any check on the money they receive and return? I can quite understand that it is very pleasant for the government to give employment to fifty or sixty of the faithful, but surely the minister has some information to give to the committee. Is the minister responsible for the appointment of the supervisor?

Mr. DURANLEAU: My department takes the responsibility for the appointment of supervisors. May I add that the supervisor has to purchase the licences from the department. The department takes no risk.

Mr. CASGRAIN: Does he pay in advance?

Mr. DURANLEAU: Yes.

Mr. YOUNG: Can he peddle them out as he likes?

Mr. DURANLEAU: The department has no responsibility so far as vendors are concerned, because I suppose they have to purchase their licences from the supervisors.

Mr. MACKENZIE (Vancouver): Does the supervisor return the unsold licences and receive compensation for them?

Mr. DURANLEAU: Yes, we have to make a refund in respect of unsold licences.

Mr. MERCIER (St. Henri): How many radio inspectors have been appointed for the city of Montreal?

Mr. DURANLEAU: One supervisor for the city of Montreal.

Mr. MERCIER (St. Henri): Who is he?

Mr. DURANLEAU: Mr. L. J. Bigonesse.

Mr. MERCIER (St. Henri): When was he appointed?

Mr. DURANLEAU: About the same time as the others.

Mr. MERCIER (St. Henri): Last year?

Mr. DURANLEAU: At the end of August or the beginning of September.

[Mr. Duranleau.]

Mr. MERCIER (St. Henri): How many licences were issued in the city of Montreal?

Mr. DURANLEAU: By inspectors?

Mr. MERCIER (St. Henri): Yes, for the whole city of Montreal, under Mr. Bigonesse?

Mr. DURANLEAU: 11,245.

Mr. GRAY: Have supervisors complete control over the hiring and dismissal of the vendors who sell the licences?

Mr. DURANLEAU: As I said a minute ago, we deal only with the supervisors, and it is up to them to see that all people who own radios pay their licences. They may hire as many vendors as they like.

Mr. GRAY: Have they full power of dismissals?

Mr. DURANLEAU: Yes, of course.

Mr. GRAY: No one other than a supervisor has any power to interfere with the vendors of licences?

Mr. DURANLEAU: I do not believe anyone has.

Mr. GRAY: I am asking you.

Mr. DURANLEAU: Of course if my department had a complaint about a vendor we would place the matter before the supervisor and ask for an explanation.

Mr. GRAY: Have the sitting members, from the various constituencies through which these vendors are operating any control over the vendors?

Mr. DURANLEAU: I do not believe they have.

Mr. GOLDING: If the supervisors have full control after they have made an appointment, has the sitting member any right to tell the supervisor to discontinue the services of or to dismiss an appointee? I want to know, because I know of a definite case where that happened.

Mr. DURANLEAU: I say that no member has power to give instructions to the supervisor. Although I am not certain, in some instances a member receiving complaints concerning a vendor may have gone to the supervisor and without giving instructions, asked the supervisor to dismiss the man. I do not know if that has happened, but it would seem to be a very natural thing to do. I would do that myself; if I had a complaint I would go to the supervisor and say, "I should like you to look after this gentleman, because I do not believe he is playing the game fairly with my constituents."

Mr. MACKENZIE (Vancouver): Intelligent cooperation.

Mr. DURANLEAU: It may be; but I say no member has any power over supervisors.

Mr. SANDERSON: The hon. member for South Huron asked a question about the authority of a sitting member to dismiss a vendor. I should like to ask if a defeated government candidate would have power of dismissal?

Mr. DURANLEAU: I would give the same answer to that question; he would have no more power than a member.

Mr. SANDERSON: Does the minister know of any instance where a defeated candidate has gone beyond his power and has had the supervisor dismiss an appointee? Has he knowledge of any such case?

Mr. DURANLEAU: No.

Mr. CASGRAIN: Under this government that happens every day.

Mr. CARMICHAEL: I must confess this discussion has developed into a sort of Chinese puzzle, except that I am quite sure the method of collecting radio licences has a political complexion. I understood the minister to say that the tenure of office of supervisors expires to-day, and that he is not sure whether or not the same system will be carried on for another year. I would like to point out to the minister that he can very well afford to change the system that has been in operation the last ten months. He has been paying two and a half per cent commission to the post offices, seven and a half percent to the banks and a similar amount to the dealers, but he has been paying twenty per cent commission to the supervisors. I am not saying that even the twenty per cent compensates them for the work they do; I do not believe it does. I have heard that they lost money through trying to collect radio licences even on the twenty per cent commission. But in view of the information given the committee that 69·9 per cent of radio licences have been sold by dealers and the fees collected in that way, and that the supervisors have collected fees in respect of receiving sets of which the department had no record, surely by this time there must be a complete record of all radio receiving sets in the country. It would seem unnecessary to have a long list of supervisors throughout the country, political appointees, who receive a twenty per cent commission on collections. This could, I submit, be very well handled through the post offices, the mounted police, and the radio distributors. Through these three sources, and with the information the department already has, it should be possible to maintain a complete record of all radio owners and collect all licence fees without employing the supervisors who seem to me to have a strong political complexion.

Mr. MALCOLM: I should like to ask the minister, having regard to information I have received from some of his officials, why he cannot adopt the suggestion I have made. I am informed that 3,297,000 radio tubes were made and sold in Canada last year. A tax of fifty cents per tube would give the department a revenue of over $1,600,000. Why not adopt that system and save all this trouble and expense?

Mr. DURANLEAU: That is a matter to be considered.

Mr. GRAY: Am I right in assuming that the supervisor is responsible to the minister only for the payment of $1.60 per licence?

Mr. DURANLEAU: That is correct.

Mr. GRAY: Am I right in assuming that he can then peddle these licences to whomever he wishes, and at whatever rate he wishes, allowing the vendor 20 cents in one case, 40 cents in another, or whatever rate he has a mind to make, and that the department has no supervision over what the supervisor may make on each licence?

Mr. DURANLEAU: As long as the supervisor charges no more than $2 to the radio owner for the licence, we have nothing to do with his vendors.

Mr. GRAY: Have I made myself clear? I am not concerned what he charges to the licensee, but I am concerned with the question whether you have any control over what the supervisor charges to the vendor.

Mr. DURANLEAU: In the instructions of the department to the supervisor we state that 10 cents goes to him and 30 cents to the vendor. But we do not exercise any control of the supervisors on that account.

Mr. MALCOLM: They may cut rates if they want to?

Mr. DURANLEAU: I think every vendor knows perfectly well he is entitled to 30 cents.

Mr. MERCIER (St. Henri): But as long as you receive $1.60 you are satisfied?

Mr. DURANLEAU: Provided the radio owners are well treated.

Mr. MALCOLM: Can the minister inform me what rates are charged for radio receiving sets in hotel rooms?

Mr. DURANLEAU: The matter has not yet been settled.

Mr. MALCOLM: It is time it was, I should think.

Mr. DURANLEAU: Those who occupy a room in a hotel, having their own radio, pay the usual licence fee.

Mr. MALCOLM: No; I am referring to modern hotels which have radio equipment in every room. From a central receiving station the radio program is transmitted to every room in the hotel. What is paid by the hotel for having radio sets in a thousand rooms?

Mr. DURANLEAU: I am informed that there is only one central radio set. The Royal York in Toronto, for instance, pays only one licence fee.

Mr. MALCOLM: I submit that that is the best proof in the world that there should be a tax on tubes, in which case you are paid for the service you render.

Mr. MERCIER (St. Henri): Take the case of the Ford hotel in Montreal, which has 500 rooms.

Mr. FRASER (Northumberland): Who is the supervisor in the county of Northumberland, Ontario?

Mr. DURANLEAU: I have not the information here.

Mr. CASGRAIN: Who is the supervisor in the counties of Charlevoix-Saguenay?

Mr. DURANLEAU: I have not the name of the supervisor. I know he has sold two hundred licences.

Mr. CASGRAIN: Will the minister give it the next time the estimates are before the committee?

Mr. ILSLEY: May I ask whether the order in council has been passed allowing the members of the Royal Canadian Mounted Police 40 cents per licence? I understood the minister to say that the Royal Canadian Mounted Police had not been paid anything but will be paid 40 cents per licence. The question occurs to me whether they are being dealt with on the same basis as the supervisors, to whom licences are sold at $1.60 each.

Mr. DURANLEAU: The order in council was passed about a month ago. It was already stated that they would get 40 cents per licence, which should go to their pension fund.

[Mr. Malcolm.]

Mr. ILSLEY: It is being paid to them as a direct payment out of the consolidated revenue fund?

Mr. DURANLEAU: It is paid out of the licence fee, and goes to their pension fund.

Mr. ILSLEY: Which is already in your possession.

Mr. DURANLEAU: I do not understand.

Mr. ILSLEY: Let me make it clear. To the supervisors, if I understood aright the minister's explanation, the government sells licences at $1.60 each. Forty cents per licence is kept by the supervisor, which I suppose he is obliged to divide with the vendors. Is some different arrangement made with the Royal Canadian Mounted Police? Do they remit the $2 per licence to the government, and are they now under the order in council to be paid back 40 cents?

Mr. DURANLEAU: I am told that the system has not started yet, but I understand they will pay only $1.60 for the licence, and they have to remit to their pension fund 40 cents.

Mr. ILSLEY: What about those they have sold—six or seven thousand, according to the figures given.

Mr. DURANLEAU: The order in council is not retroactive.

Mr. ILSLEY: They get nothing for those?

Mr. DURANLEAU: They get nothing for those.

Mr. POULIOT: Whose idea was it to allow a different percentage to different people? Was it done under the instructions of the minister, or was it discovered by some official? There is discrimination in that.

Mr. DURANLEAU: There are not many different percentages of commissions. The dealers and the banks get 15 cents, about four thousand small post offices get 15 cents and the large post offices get 5 cents or 2½ per cent. The house to house collectors receive 40 cents.

Mr. POULIOT: They are like pedlers.

Mr. DURANLEAU: I would not call these men pedlers; their duty is to ascertain who have complied with the law and who have not, and they have power to issue licences.

Mr. MACKENZIE (Vancouver): What is the total number of supervisors for the entire dominion?

Mr. DURANLEAU: We had 140 supervisors.

Mr. MOTHERWELL: I was under the impression that Canada had a national, non-political radio system, but now I find that practically all these appointments are political. How does the minister reconcile that fact with the former conception we all had? Are these 140 supervisors all Tories, or are some of them Liberals and some C.C.F.'ers?

Mr. DURANLEAU: I do not know; all that concerns me is whether the man is reliable. These collections do not come under the radio commission; they are still under the Department of Marine.

Mr. MOTHERWELL: From what I have heard, and I can hear fairly well, it appears to me that they are one hundred per cent political appointments. I think that is scandalous in a service such as this, and my hon. friend said they were naturally supporters of the government. Why?

Mr. DURANLEAU: I did not say that. I think my hon. friend heard that from someone else; I do not think the minister made that statement. If the man is reliable the department is satisfied.

Mr. MOTHERWELL: Would they be recommended by the patronage committees in the various constituencies?

Mr. DURANLEAU: I do not know. Sometimes when we need information on a man naturally we go to the member or the defeated candidate. There is nothing new in that; that was done during the Liberal regime. When you needed some information you went to the Liberal member or the defeated Liberal candidate.

Mr. MOTHERWELL: What are the names of the supervisors in the constituency of Melville?

Mr. DURANLEAU: I am sorry, but I have already stated to the committee that I have not with me the names of the supervisors.

Mr. HOWARD: May I suggest to the minister that when reconsidering his plan of operation for the collection of licence fees next year he look into the suggestion made by the hon. member for North Bruce. To me it appears to be a very sensible one. May I say that I do not particularly object to the political appointment made in my own constituency; I think that was a perfectly natural consequence. I do object very strongly to the system, however. No one in a city like Sherbrooke knows where radios are as well as the mail carrier, who knows what is going on in every house throughout his route. There is no person who could collect the licence fees as well as the mail carrier. According to the figures given by the minister, 2½ per cent was paid to the post office and 20 per cent to the collectors. In times like these, when we need every dollar of additional revenue and when we are facing real financial difficulties, this system is altogether wrong; we have no right to pay 20 per cent when we can make the collections for 2½ per cent. I will go further; I think there will be greater efficiency if the collecting is done by the Post Office Department, which also needs additional revenue. Then, if you could get around the difficulty of paying a man who already receives a salary from the government, you might give the mail carrier a small commission on his collections, and you would be sure to have a licence issued for every set.

So far as Sherbrooke is concerned there was a supervisor appointed, but with that I have no concern at all. Later the supervisor selected the men to work under him, but suddenly someone discovered that my constituency is seventy-five per cent French Canadian but that all the collectors were English speaking. As a result additional French speaking collectors had to be appointed. So I say I do not think this is the proper way to handle this proposition. I would suggest that next year the minister either adopt the suggestion of the hon. member for North Bruce or have these collections made by the Post Office Department at a commission of 2½ per cent.

Mr. DURANLEAU: I have only a word to say to my hon. friend from Sherbrooke. I agree with him when he says the Post Office Department should issue the licences to those who wish to go to the post office, but what are we to do with those who will not do so? I have positive proof that this year we issued over 100,000 licences which otherwise would not have been issued, and for each of those licences we are receiving $1.60. Some radio owners do not go to the post office, the bank or the dealer, so we had to find some way of ascertaining who had paid and who had not paid. I am quite frank to say to this committee that this was an experiment to see if we could have a licence issued for each receiving set, but I am glad to receive suggestions from hon. members opposite because at present we are considering what system we shall adopt next year. With regard to the suggestion of the hon. member for North Bruce that a tax should be imposed on radio tubes, I am told that in hotel rooms where there are radios there are no tubes used.

Mr. MALCOLM: But they have very large sets in those hotels.

Mr. DURANLEAU: There might be a different way of assessing the hotels, because they have large receiving sets but in the rooms they have only loud speakers.

Mr. HOWARD: I was not suggesting that everyone should go to the post office to get his licence. We have the mail carriers who go into every home and who know where every radio is located. If those carriers received a small commission you would get the finest collection system yet devised. I might go further and say to the minister that I do not believe the present system is good, speaking politically; I think it will cause more enemies than friends.

Mr. DURANLEAU: Our only aim has been to collect every licence fee, and I can tell my hon. friend that at the present time we are corresponding with the Post Office Department in order to see if collections cannot be made by carriers.

Mr. MALCOLM: Some years ago, before radio was invented, I was interested in the marketing of phonographs. When this device for reproducing music came into use I felt that the government was missing an opportunity to obtain revenue by placing a small and reasonable tax upon phonograph records. It was never necessary to have a licence to use a phonograph and, as the minister has pointed out, it would have been utterly impossible to follow all trades engaged in the production of musical instruments. I think the minister's explanation shows that he is running into the very same problem in connection with radio receiving sets. To-day the government needs money worse than it ever did, and this afternoon the Minister of Finance stated quite frankly that he would welcome suggestions for revenue. The government has gone to a great deal of expense and yet in my opinion $125,000 is being thrown away in collecting a tax which could be collected without a cent of cost. I suggest to the Minister of Finance and the Minister of Marine that phonograph records could bear a fairly substantial tax. We pay 8 cents on a package of cigarettes; why should not phonograph records bear a fair tax? It would be a justifiable tax and would provide considerable revenue. A tax upon radio receiving sets is just as much a nuisance as a tax upon sewing machines would be; both are almost household necessities. The most equitable way of levying this tax would be to base the tax upon the use made of the machine. The man who buys an eight tube set in order to obtain better reception should pay more than the man who is satisfied with a four tube set. The man who uses his receiving set more than another should pay more in the way of taxation. A gasoline tax is based upon the amount of gasoline used, which represents the use made of our highways, and the same principle could be applied to this tax. By placing a 50 cent tax upon each radio tube, according to the figures for last year the government would receive a revenue of $1,600,000. There would be a great saving in the cost of collection, the whole matter would be simplified, and I believe the radio receiving set owner would be more satisfied with the general conditions. Many men occupy summer homes in which they have radio sets which are operated for probably only two months in the year. Some people take their sets back to their winter home, while others, having duplicate sets, pay for two licences. The man who does this buys two licences but he is not living in two houses at the same time. If the tubes were taxed a man would be justified in moving the tubes, but when the tubes were worn out he would have to buy new ones upon which a tax would be imposed. This tax could be collected by the manufacturers without any cost to the government, in the same way that sales tax is collected. I submit to the minister that he should take up this matter with his colleagues, because I think it would prove to be in the interest of revenue, of convenience, and of economy in collection.

Mr. SPEAKMAN: What is the average life of a tube?

Mr. MALCOLM: A certain number of hours' use—I do not know just how many.

Mr. COOTE: I asked the minister if he could give us some idea of the service rendered to the people of Canada for the licences they bought. I suppose he will say that he has not had time to give us this information, but I think he should give it before the item carries.

Mr. DURANLEAU: The present organization comprises twenty-three permanent establishments and thirty-two part time establishments located in different towns and cities throughout the dominion, with a personnel of 148 full time employees and 41 part time employees. The permanent establishments are equipped with special radio interference detecting cars.

Mr. COOTE: What is the total expenditure for radio services?

Mr. DURANLEAU: I am asking for $280,000.

Mr. COOTE: The minister said that he collected something over $1,000,000. I should like to know how much revenue the government will have from this.

Mr. BENNETT: It has only got started; the money goes to the commission.

Mr. DURANLEAU: It goes to the commission.

Mr. COOTE: How much will the commission have in its hands for this year's services?

Mr. DURANLEAU: Item 247 asks for $1,000,000. Mr. Chairman, I move that the committee rise, report progress and ask leave to sit again.

Progress reported.

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

Wednesday, March 1, 1933

The house met at three o'clock.

INTERNATIONAL EXHIBITIONS

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I beg to lay on the table a copy of the "Convention concernant les Expositions internationales, et le Protocole de Signature, Paris, 22 Novembre, 1928," and a copy of a translation thereof into English.

Mr. BENNETT moved:

That five hundred copies in English and three hundred copies in French of the convention relating to the International Exhibitions, Paris, November 22, 1928, and the protocol of signature tabled this day be printed forthwith, and that rule 64 be suspended in relation thereto.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

WATERLOO, QUE., POST OFFICE SITE

Mr. TETREAULT:

1. Did any buildings occupy the site of the post office constructed at Waterloo, Quebec, in 1929?

2. If so, were such buildings demolished?

3. Was a contract awarded for their demolition?

4. If so, to whom was the contract awarded, and upon whose recommendation?

5. What was the contract price?

Mr. STEWART (Leeds):

1. Yes, brick building formerly used as a post office and which stood in front of the new post office.

2. A contract was awarded for grading and sodding of site and building sidewalks, concrete steps, driveway, etc. The specification of the contract included the removal of the old building, all material of the demolished building becoming the property of the contractor, and to be entirely removed from the site. This contract was awarded to Herve Boyer, the lowest tenderer, for $2,200 after the work had been advertised publicly and the following tenders received:

1. Herve Boyer	$2,200
2. Alphonse Beaumont	2,400
3. H. L. Roy	2,875
4. Alphonse Daris & Hormidas Forand	3,000

3 to 5. Answered by No. 2.

CANADIAN NATIONAL RAILWAYS—TAXATION

Mr. DUFF:

1. What amount of taxes was paid to the government of Nova Scotia by the Canadian National Railways each year from and including 1926 to 1930?

2. Was there a new agreement made in 1930?

3. What sums were paid in 1931 and 1932, respectively?

Mr. MANION:

1. Taxes paid to the government of Nova Scotia by the Canadian National Railways between 1926-1930, inclusive, were as follows:

Year	Railways	Express	Telegraphs
1926	$91,000	$13,750	–
1927	91,000	13,750	–
1928	91,000	13,750	–
1929	91,000	13,750	–
1930	91,000	13,750	$1,876

2. Authority was granted by order in council, P.C. 723, March 30, 1931, to continue arrangement then existing.

3. Taxes paid in 1931 and 1932 were as follows:

Year	Railways	Express	Telegraphs
1931	$91,000	$13,750	$2,934 74
1932	91,000	16,500	3,555 75

TADOUSSAC, QUE., WHARF REPAIRS

Mr. CASGRAIN:

1. How many feet of lumber did the Department of Public Works purchase in connection with repairs carried out at the wharf at Tadoussac last year?

2. From whom did the government purchase such lumber?

3. What price was paid per thousand feet of lumber?

Mr. STEWART (Leeds):

Anse Tadoussac wharf—

1. Bought from Pierre Cid of Tadoussac:—27,024⅓ ft. B.M. of spruce dimension timber at $28 per M. ft. B.M.; 2,058 ft. B.M. of 3-inch spruce deals at $22 per M. ft. B.M.

Bought from A. Chevalier of Quebec:—3,108 ft. B.M. of rock elm at 18 cents per foot.

2 and 3. Answered by No. 1.

Anse a l'Eau wharf—

1. Bought from Pierre Cid of Tadoussac:—10,001 ft. of spruce dimension timber at $29 per 1,000 ft. B.M.; 33,302½ ft. B.M. of 3-inch spruce deals at $22 per 1,000 ft. B.M.; 60 lineal feet of 5-inch by 6-inch spruce timber at 12 cents per lin. ft.

2 and 3. Answered by No. 1.

KILLAM'S MILLS, N.B., POSTMASTERSHIP

Mr. DUFF:

1. Was B. H. Lounsbury, postmaster at Killam's Mills, New Brunswick, dismissed from the office of postmaster?
2. If so, when, and who replaced him?
3. Why was his dismissal made and on whose recommendation?
4. Was a circular sent to B. H. Lounsbury suggesting that he resign if guilty of partisanship or that he sign and make affidavit if not guilty; if so, on what date was this circular sent?
5. Was investigation held prior to dismissal; if so, who was commissioner?
6. On whose request was inquiry held?

Mr. SAUVE:

1. Yes.
2. (a) 31st October, 1931; (b) Geo. Otty King.
3. Commissioner's report found Postmaster guilty of active political partisanship.
4. (a) Yes; (b) 5th February, 1931.
5. (a) Yes; (b) H. Lester Smith.
6. Dr. O. B. Price, M.P.

ROYAL CANADIAN MOUNTED POLICE—NEW BRUNSWICK

Mr. VENIOT:

1. What is the total cost of the Royal Canadian Mounted Police in the province of New Brunswick?
2. How many officers and how many men are employed on the force in that province?

Mr. GUTHRIE:

1. $183,961.23.

2. Officers	8
Non-commissioned officers and constables	102
3. Special constables	12
	122

Note.—Of the above mentioned special constables, 8 are members of the marine section, employed on preventive service vessels.

[Mr. Casgrain.]

BONAVENTURE COUNTY PUBLIC WORKS

Mr. MARCIL:

1. What was the sum total authorized by the Minister of Public Works for works done by day labour in Bonaventure county in 1932-33, and how much was expended?
2. Out of what appropriation were such sums authorized?
3. Was this expenditure incurred by way of relief for the unemployed?
4. If so, who selected the men employed?
5. Were these expenditures incurred on the plea of essential undertakings, and, if so, who so reported?

Mr. STEWART (Leeds):

1. Authorized	$68,640.33
Expended	66,065.63

2. (a) $56,730.33 from Harbours & Rivers Generally, Quebec.

(b) $11,350 from Special Votes made up as follows:—

McInnis Cove, breakwater completion	$4,200	
Bonaventure, extension to wharf protection	1,900	
Gascons, wharf extension	3,700	
		$ 9,800
St. Charles de Caplan, wharf reconstruction (Vote—$21,000)		1,550
Balance of vote for contract work.		
		$11,350

(c) $560 from Dredging Ontario & Quebec.

3. The Department of Public Works has no special funds for the relief of the unemployed, but the expenditures on labour gave employment.

4. Foremen of Works.

5. (a) Yes. (b) District Engineer.

PASPEBIAC, QUE., WHARF

Mr. MARCIL:

1. Has J. T. Langlois completed his contract at the wharf at Paspebiac, Quebec, and how much has been paid him?
2. How much was paid J. Loiselle, the overseer?

Mr. STEWART (Leeds):

1. (a) Yes; (b) $6,748.74.
2. $279.

ST. CHARLES DE CAPLAN, QUE., WHARF

Mr. MARCIL:

1. Have Ludger Lemieux Limited completed their contract at the wharf at St. Charles de Caplan, Quebec, and how much has been paid them?

2. How much has been paid to the overseer J. A. Briere?

Mr. STEWART (Leeds):

1. (a) Yes; (b) $11,428.75.

2. $409.50.

STONE FOR PUBLIC WORKS—BONAVENTURE COUNTY

Mr. MARCIL:

1. What price did the Department of Public Works pay for stone at Anse à la Barbe, St. Godfrey, Port Daniel East, McInnes Cove, Bonaventure, St. Simeon de Bonaventure, Paspebiac, Maria, Carleton and St. Omer, respectively?

2. Was the price uniform; if not, why?

Mr. STEWART (Leeds):

1. Anse à la Barbe, 40 cents per cubic yard; St. Godfroy, $1 per cubic yard; Port Daniel East, 80 cents per cubic yard; McInnes Cove, 65 cents per cubic yard; Bonaventure, 80 cents per cubic yard; St. Simeon de Bonaventure, none purchased; Paspebiac, none purchased; Maria, $1 per cubic yard; Carleton, none purchased; St. Omer, $1 per cubic yard.

2. Uniform price paid for each locality.

LEAGUE OF NATIONS—CANADIAN DELEGATIONS

Mr. LAVERGNE:

1. What are the names of the members and the persons constituting the Canadian delegations sent annually to the League of Nations from 1920-21 to 1931-32?

2. What are the items making up the total annual expenditures in connection with these trips?

Mr. BENNETT:

Travelling and Living Expenses

1920–21—			
1st Assembly	Hon. C. J. Doherty, Sir George Foster, Hon. N. W. Rowell	$ 14,645 40	
	L. C. Christie	1,283 07	
	H. D. Robertson	480 75	
	Transportation, etc.—Sir George Foster and party	1,848 56	
			$ 18,257 78
1921–22—			
2nd Assembly	Rt. Hon. C. J. Doherty and Sir George Perley, including two secretaries and one stenographer		9,403 40
1922–23—			
3rd Assembly	Hon. W. S. Fielding	$ 3,927 00	
	Hon. E. Lapointe	4,190 00	
	Hon. P. C. Larkin	2,913 72	
	O. Langlois	1,000 00	
	J. A. Russell	994 02	
	W. R. Rutherford	692 32	
	R. B. Viets	974 30	
	S. Wallace	700 00	
			15,391 39
1923–24—			
4th Assembly	Hon. Geo. P. Graham	$ 3,370 00	
	H. F. Sherritt, Private Secy	730 00	
	E Pelletier, messenger	505 00	
	Sir Lomer Gouin and staff	5,402 56	
			10,007 56
1924–25—			
5th Assembly	Senator Dandurand	$ 3,130 00	
	Hon. E. M. Macdonald	5,000 00	
	Dr. O. D. Skelton	914 72	
	" " (delegation)	537 71	
	R. O. Campney	1,000 00	
	E. M. Macdonald, Jr.	720 00	
			11,302 43
1925–26—			
6th Assembly	Hon. R. Dandurand, Hon. H. Bostock, Hon. Philippe Roy, Dr. Riddell	$ 7,629 07	
	Jean Desy	2,120 93	
Special Meeting	Hon. R. Dandurand	1,380 00	
	Hon. Philippe Roy	202 00	
	Hon. P. C. Larkin, including Col. R. Hyde	1,122 76	
			12,454 76

Travelling and Living Expenses—Continued

1926–27—			
7th Assembly	Sir Herbert Ames	$ 1,040 00	
	Sir Geo. E. Foster	3,577 00	
	Hon. Philippe Roy	1,040 00	
			$ 5,657 00
1927–28—			
8th Assembly	Hon. R. Dandurand	$ 3,108 00	
	Hon. Philippe Roy	624 73	
	Hon. C. Stewart	6,002 50	
	Dr. O. D. Skelton	2,687 20	
48th Council Meeting	Hon. R. Dandurand	2,121 00	
	Jean Desy	1,457 40	
49th Council Meeting	Hon. R. Dandurand	1,100 00	
	Lt. Col. Vanier	1,197 57	
			$ 18,316 40
1928–29—			
50th Council Meeting	Hon. Philippe Roy	$ 192 95	
	Jean Desy	215 60	
	Rt. Hon. W. L. Mackenzie King Secretaries—H. Baldwin V. Lemire Confidential Messenger—J. S. Nicol	9,317 37	
9th Assembly, 51st and 52nd Council Meeting	Hon. R. Dandurand	2,400 00	
	Hon. C. A. Dunning, Private Secretary and Messenger	4,780 06	
	Hon. Philippe Roy	753 80	
	Dr. O. D. Skelton	1,399 93	
53rd Council Meeting	Hon. R. Dandurand	1,260 00	
	Dr. W. A. Riddell and Lt. Col. Vanier	224 65	
	J. Desy	163 40	
54th Council Meeting	Hon. R. Dandurand	1,350 00	
	Jean Desy	142 73	
			$ 23,805 32
1929–30—			
55th Council	Hon. R. Dandurand	$ 1,700 00	
	Dr. W. A. Riddell	381 79	
	Jean Desy	356 97	
	Lt. Col. Vanier	350 56	
10th Assembly, 56th and 57th Council Meeting	Hon. R. Dandurand	2,500 00	
	Hon. J. C. Elliott	2,515 93	
	Hon. W. D. Euler	2,000 00	
	Sir George Foster	1,680 00	
	Miss A. Macphail, M.P.	1,658 75	
	Malcolm McLean, M.P.	1,817 00	
	Hon. Philippe Roy	846 02	
58th Council	Hon. R. Dandurand	1,300 00	
	Jean Desy	134 69	
	Lt. Col. Vanier (allowance)	1,500 00	
			$ 18,741 71
1930–31—			
59th Council	Hon. R. Dandurand	$ 1,300 00	
	Jean Desy	124 34	
11th Assembly and 60th Council	Sir Robert Borden	2,877 05	
	Hon. T. Chapais	3,000 00	
	Hon. Mary Irene Parlby	2,175 65	
	Hon. Philippe Roy	1,031 16	
	N. A. Robertson	1,207 36	
			$ 13,215 56

Travelling and Living Expenses—Concluded

1931-32—			
12th Assembly	Hon. Hugh Guthrie	$ 4,071 20	
	Hon. C. P. Beaubien	2,172 35	
	Mrs. A. N. Plumptre	2,326 48	
	Hon. Martin Burrell	2,153 10	
	Hon. Philippe Roy	979 67	
	N. A. Robertson	1,577 68	
	Lt. Col. Vanier	515 00	
			$ 13,795 48

Salaries Paid for Extra Technical, Secretarial and Stenographic Assistance

1920-21—H. D. Robertson	$ 814 03
1924-25—R. O. Campney	596 77
1926-27—R. W. Weber	96 50
1927-28—E. R. McLennan	126 22
1929-30—M. F. Andrews	90 00
1930-31—Lt. Col. G. P. Vanier	4,745 00

QUESTION PASSED AS ORDER FOR RETURN

CAUGHNAWAGA RESERVE

Mr. DUPUIS:

1. What is the total number of Indians of the Chaughnawaga reservation in the province of Quebec: (a) according to the 1931 census; (b) according to the latest statistics?
2. How many among them are 21 years of age and over?
3. How many among them have the right to hold real estate?
4. Has the government received a request or petitions: (a) from the council of the said reservation; (b) from any of the Indians, individually or collectively, expressing a desire to be enfranchised?
5. By virtue of what agreement or treaty did the Indians of the said reservation secure from the Dominion government the rights and privileges which they enjoy in their reservation?
6. On what date or dates was this agreement or treaty concluded?
7. Does the government intend enfranchising the Indians of the Caughnawaga reservation?
8. Should the superintendent of Indian Affairs decide to enfranchise the Indians of the Caughnawaga reservation, either individually or collectively, will the Indians of the said reservation retain the rights and privileges which they now enjoy, or will the said Indians lose their rights by reason of this enfranchisement?
9. From whom have they obtained the rights which they exercise, through the agency of the Department of Indian Affairs, in the seigniory of Sault St. Louis?
10. Since what date have they held these rights?
11. What are the duties and obligations of the Department of Indian Affairs as seignior of the Seigniory of Sault St. Louis?

MOTIONS FOR PAPERS

G. NELPHAT PELLAND

Mr. JACOBS (for Mr. Casgrain):

For a copy of all correspondence, letters and documents exchanged between Mr. G. Nelphat Pelland, chief herdsman at the experimental farm of Sainte-Anne de la Pocatière, and the Minister of Agriculture at Ottawa, or any of the officials of his department at Ottawa or at Quebec, respecting the dismissal of the said G. Nelphat Pelland; also a copy of any petition or petitions forwarded to the hon. Minister of Agriculture in this connection, and a copy of the order in council dismissing the said G. Nelphat Pelland.

GRANDE-RIVIÈRE, QUE., POSTMASTERSHIP

Mr. ROBERGE (for Mr. Brasset):

For a copy of all correspondence, affidavits, communications, and other documents, forwarded to the hon. Postmaster General or to the Post Office Department, during the year 1931-1932, respecting Wilfrid Sirois of Grande-Rivière, county of Gaspe, a candiate for the portsmastership at Grande-Rivière.

PUBLIC WORKS—CACOUNA

Mr. GIROUARD (for Mr. Pouliot):

For a copy of all correspondence and reports, respecting an investigation made by the Department of Public Works at Cacouna in 1933, in connection with repairs to the wharf in said locality.

SULLY, TÉMISCOUATA COUNTY, POSTMASTERSHIP

Mr. GIROUARD (for Mr. Pouliot):

For a copy of all correspondence, telegrams, reports and other documents in the possession of the Post Office Department, respecting the postmastership of Sully, county of Témiscouata, since October 22, 1932; also a copy of any claim submitted by Mr. Isidore Jean, of that locality.

SINO-JAPANESE DISPUTE

On the orders of the day:

Mr. S. W. JACOBS (Cartier): Mr. Speaker, I wonder whether I am in order when I ask the Prime Minister if he intends to make an official statement with respect to the discussion now going on regarding the proposed embargo on arms and contraband of war shipped and to be shipped to the far east during the present difficulties between China and Japan.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, appropriate action is in process of being completed—I think that is a fair way of putting it—and the order in council when approved will be laid upon the table of the house.

TADOUSSAC-BAIE ST. CATHERINES

On the orders of the day:

Hon. H. H. STEVENS (Minister of Trade and Commerce): Yesterday the hon. member for Charlevoix-Saguenay (Mr. Casgrain) asked me a question regarding a subsidy contract between Baie St. Catherines and Tadoussac. This service is being carried on during the winter months on one trip a day. Upon investigation we considered that one trip a day was sufficient for that service.

Mr. P. F. CASGRAIN (Charlevoix-Saguenay): If I might say a word, Mr. Speaker, the reason I put the question to the minister was that if there is to be only one trip a day, either in the afternoon or at some other time, many will not be able to avail themselves of that particular trip and will have to pay $5 for a special trip across. It is for that reason I put the question before the house. I do not believe it is fair for the people to have to pay $5 each time they want to use the service.

INDIAN ACT AMENDMENT

The house resumed from Tuesday, February 21, consideration in committee of Bill No. 21, to amend the Indian Act—Mr. Murphy—Mr. Ross in the chair.

Section 5 agreed to.

Hon. T. G. MURPHY (Superintendent General of Indian Affairs): We shall proceed with clause 7.

Mr. HEENAN: Have we passed clause 6?

The CHAIRMAN (Mr. Ross): It was carried before.

Mr. HEENAN: Would the minister revert to clause 6 for a moment?

Mr. MURPHY: Clause 6 was passed at a former sitting.

Mr. HEENAN: That is right, but would the minister allow the committee to revert to clause 6?

Mr. MURPHY: I should like to proceed with clause 7, and then if the hon. member desires possibly we could deal with clause 6.

[Mr. Jacobs.]

On section 7 —Inquiry as to fitness for enfranchisement.

Mr. MURPHY: Before this clause is considered I have an amendment which I should like to have inserted in place of the one now appearing in the bill, and I shall ask my colleague to move it:

Mr. SUTHERLAND: I beg to move in amendment that:

In respect of an Indian of any band who has not made application for enfranchisement under this section or under section 114 of this act, the superintendent general may appoint a board to consist of two officers of the department and a member of the band to which the Indian or Indians under investigation belongs, to make inquiry and report as to the fitness of any Indian or Indians to be enfranchised, and such report shall have the same force and effect and shall be dealt with in the same manner as if the same had been made upon the application of an Indian under this section.

Mr. POWER: That makes it worse. What is the change?

Mr. MURPHY: When the clause was under discussion at a previous sitting the Minister of Justice suggested that as under the act as it is to-day an Indian has the right to apply, that section should be left in the act, and provision made by adding a further subsection whereby the department, in place of the Indian, may take the initial step.

Mr. POWER: The principle which was opposed on the last occasion still remains, namely that the department may, forcibly or by coercion or without the consent of the Indian, enfranchise Indians who are not prepared to make application for enfranchisement. Do I understand that that is still the situation?

Mr. MURPHY: I can hardly agree with the hon. member when he says the principle is to enforce enfranchisement or to coerce the Indians. The department does not wish to do that. The principle in this amendment is the same as it was before.

Mr. POWER: Either by coercion, or whatever term you wish to choose, the principle is that under the provisions of the act an Indian may be forced to accept enfranchisement, even if he does not wish it. If that is the principle I wish to state I am on this occasion as much opposed as I was on the last. In fact, my opposition is even greater since, in the interval, a number of Indians have come to Ottawa and have explained to members of the committee that in the most energetic fashion they are opposed to this action.

Mr. BRADETTE: I maintain that the amendment as it stands in the bill, and the proposed amendment, are absolutely wrong. As I said a few days ago, the measure is in conflict with our electoral legislation, and could very well be left out of the Indian Act. I am convinced that it enters into conflict with the law, and that there would be a conflict of jurisdiction. In my view the section should be taken away entirely from the Indian Act. This is the time and place to do it. Where there are anomalies of this kind the house should avail itself of the opportunity of striking them out. Regardless of what the Minister of Justice may have said on a former occasion, I am convinced that this matter is within the scope of the Dominion Elections Act. I maintain that the present amendment is just as vicious as it was in its previous form, and should be deleted from the Indian Act.

Mr. CASGRAIN: A few days ago, in a newspaper, I saw a memorandum which had been sent to the authorities in Ottawa with respect to this amendment. I believe it came from the band of Indians at Caughnawaga, and expressed dissatisfaction with the amendment before the committee. Has the minister received any such communication from these people?

Mr. MURPHY: I have received none.

Mr. BEAUBIEN: Do I understand that through the clause in the bill the officials of the department will have the right to enfranchise the Indian on a reserve—

Mr. BENNETT: No.

Mr. BEAUBIEN: —without his consent or application? Is that right?

Mr. MURPHY: No, it is not right.

Mr. BEAUBIEN: Without his application you have the power to enfranchise. Who decides whether he should be enfranchised or not under this new bill?

Mr. MURPHY: The amendment to the act reads as follows:

> In respect of an Indian of any band who has not made application for enfranchisement under this section—

That is, section 110.

> —or under section 114 of this act the superintendent general may appoint a board to consist of two officers of the department and a member of the band to which the Indian or Indians under investigation belongs, to make inquiry and report as to the fitness of any Indian or Indians to be enfranchised, and such report shall have the same force and effect and shall be dealt with in the same manner as if the same had been made upon the application of an Indian under this section.

Mr. BEAUBIEN: In other words, then, the minister has the right, after that report has been received, to enfranchise that Indian whether he wants it or not?

Mr. MURPHY: Subsection 3 of section 110 reads:

> In the course of such inquiry it shall be the duty of the board to take into consideration and report upon the attitude of any such Indian towards his enfranchisement, which attitude shall be a factor in determining the question of fitness.

After the report has been received, the recommendation of the board made, then the Superintendent General may make proper representation to His Excellency in council that such Indian should be enfranchised, and then the necessary action will no doubt be taken. But it does not rest with the Superintendent General to enfranchise him, that is done by His Excellency in council, the same as it is under the present system and has been for some time if not always.

Mr. BEAUBIEN: Does not the amendment introduced this afternoon, and the section as amended, give the officials of the department the power to enfranchise an Indian against his will or if he does not desire it at all?

Mr. MURPHY: It certainly does not give the officials of the department any such power.

Mr. BEAUBIEN: Then I suppose under the old act the Indian made application for enfranchisement—am I right?

Mr. MURPHY: He could, yes.

Mr. BEAUBIEN: Under the new act he does not make application.

Mr. MURPHY: He may.

Mr. BEAUBIEN: But he does not have to. At the same time the officials of the department, if they think he should be enfranchised, investigate and report to the minister. What does the minister do with that report?

Mr. BENNETT: He reports it to council.

Mr. BEAUBIEN: Has the council the power to enfranchise that Indian after the report has been presented?

Mr. MURPHY: Yes.

Mr. BEAUBIEN: Well I think, Mr. Chairman, that the ministry are taking too much power in their hands, and they are going to run into a lot of grief, and create a lot of dissatisfaction on the reserves.

Mr. BENNETT: How many cases would there be?

Mr. BEAUBIEN: It does not matter if there is only one case. I have a reserve only a few miles from where I live—probably I should be on a reserve myself. Suppose the governor in council, after having received the report of the official, decides to enfranchise an Indian on that reserve without the Indian wishing to be enfranchised. Being enfranchised, he becomes a Canadian citizen to the full extent. He still remains on the reserve; he has privileges that the other Indians have not. Surely it is going to create a lot of conflict among the Indians themselves. And I might say to the minister that there is enough conflict among the Indians now without creating more. Many delegations come to me from that reserve with complaints of this and of that. I have not taken a great deal of notice of these complaints, I have tried to pacify the situation to the best of my ability, and tried to protect the officials, but with this power that the governor in council is taking the minister is going to run into a lot of grief. I do not think he should place himself, or the Indian either, in that position.

Mr. BROWN: Mr. Chairman, we must have failed absolutely the other day to impress upon the minister the grounds of our objection to this bill, if he thinks this new amendment would satisfy the point we raised. It does not touch the point we raised at all. Our objection was that the original amendment to section 110 placed it within the power of the department officials to enfranchise Indians wholesale without consideration of the wish of the Indians at all. I think we can easily see the possibilities of trouble that might arise should the officials undertake to exercise that power. The minister in reply to a question of the hon. member for Provencher (Mr. Beaubien) quoted subsection 3, referring to the fact that the attitude of the Indian would be a factor in coming to a decision. How big a factor? That is what we want to know. How big a factor would the attitude of the Indian towards the question be when the department comes to decide the matter?

Mr. MURPHY: Hon. members take the position that it is the intention of the minister or the department or both to enfranchise Indians holus-bolus. There is no such intention. Rather it is to encourage the Indians —I put it that way—to take out the franchise. Section 110 as it is at present reads:

> Upon the application of an Indian of any band, or upon the application of a band on a vote of a majority of the male members of such band of the full age of twenty-one years at a meeting or council thereof summoned for that purpose, according to the rules of the band and held in the presence of the superintendent general or of an officer duly authorized to attend such council, by the governor in council or by the superintendent general, a board may be appointed by the superintendent general to consist of two officers of the department and a member of the band to which the Indian or Indians under investigation belongs, to make inquiry and report as to the fitness of any Indian or Indians to be enfranchised.

Under that section as it has stood for years applications for enfranchisement have not been made, but under section 114 Indians have been enfranchised during the last number of years. It has been preferred by Indians who did not live on the reserves. As I endeavoured to point out the other day, there are numbers of Indians to-day who are professional men, graduates of universities, in business, and who are competing with white men, who are not Indians in the ethnological sense, although they are Indians within the meaning of the act. Under the act they have certain immunities, and they take advantage of them. We claim, as it was claimed in 1920 when this same amendment was put into the act, that these individuals who have obtained that standing should accept their full responsibilities as citizens and be treated as such. But may I again say to the committee, in language as plain as I can make it, that there is no intention to enfranchise Indians holus-bolus, and the condition of affairs suggested to the hon. member for Provencher, I cannot conceive of as arising. It might arise, I do not argue that such a case might not arise, but I cannot conceive that it would. This same provision was on the statute books of this country for two years, and no action such as hon. members fear was taken.

Mr. BEAUBIEN: Did the governor in council have power to enfranchise Indians previous to this amendment?

Mr. MURPHY: Yes, for two years, exactly in the way now proposed.

Mr. BEAUBIEN: Why was that provision repealed?

Mr. MURPHY: It was repealed in 1922 for reasons of which I am not aware, as I was not here at the time. I do not know why such action was taken.

Mr. ELLIOTT: Is it not a fact that there was very serious objection from many Indians, as a result of which the provision was repealed in 1922? I should just like to say that the more I look into this and think it over the more I am convinced that this is very bad legislation and a great breach of faith with the treaty Indians. It is all very well for the minister to say that some Indians have become professional men and have taken high places in public life; that is not the point. This provision enables the department absolutely to break faith with the treaty Indians of this country.

Mr. MURPHY: No.

Mr. ELLIOTT: I am stating absolutely that that is the fact.

Mr. BENNETT: Might I ask the hon. member if it is not the other way about? Is it not a breach of faith with this country for men to claim immunity after having obtained every possible advantage by way of education and otherwise while still declining to accept responsibility?

Mr. ELLIOTT: I say it is quite the reverse. You enter into a treaty with an Indian or a white man, it matters not which—

Mr. MURPHY: I should like to ask my hon. friend a question. He suggests that there is a breach of faith, and I should like him to particularize that breach and show us wherein it lies.

Mr. ELLIOTT: If my hon. friend had not interrupted that was just what I was going to do. When the government enters into a treaty with the Indians and by that treaty undertakes that their land shall be held for them in trust and that they shall be wards of the government; that their property will not be liable to be taken under execution and that they will enjoy immunity from being contracted out of their property and their rights by white men, then I say for the government to take away those rights against the wishes of the Indians is a grave breach of the undertaking. The Prime Minister suggests that it is the other way around.

Mr. BENNETT: Of course it is.

Mr. ELLIOTT: And the Prime Minister says of course it is. That just shows how little attention has been given this legislation by the Prime Minister and the minister in charge.

Mr. BENNETT: Nothing of the sort; I imagine I know the act better than my hon. friend does, and this does not help it any.

Mr. ELLIOTT: Perhaps that is the reason we find ourselves considering legislation such as this. It is not to the discredit of the Indian that he becomes a good citizen and takes a high place in the community.

Mr. MURPHY: It is all to his credit.

Mr. ELLIOTT: It is all to his credit, but for each Indian who does that there are perhaps a thousand others who are not able to take care of themselves and protect themselves against the white men who live on the borders of the reserves and who are very keen to enter into contracts with the Indians.

Mr. BENNETT: They are not touched by this bill.

Mr. ELLIOTT: Who are not touched?

Mr. BENNETT: Those Indians my hon. friend mentioned are not touched by this bill.

Mr. ELLIOTT: I do not understand the Prime Minister when he says those Indians are not touched by this bill. Any Indian whom the department may choose to enfranchise under this act is touched by it.

Mr. BENNETT: Of course not.

Mr. BEAUBIEN: But the government has that power.

Mr. BENNETT: That is not the power conferred. If the hon. gentleman would read the section he would understand it.

Mr. ELLIOTT: If instead of pronouncing such a judgment the right hon. Prime Minister would read the section himself he would see that it does give the government power to enfranchise Indians who otherwise would not be enfranchised. Surely there is no doubt about that. If you have the power to do that you have the power to force enfranchisement upon unwilling Indians, and it was because of that power that the objections were taken which brought about the repeal of the former measure. The Indians objected. It is just begging the question to suggest that the government will not take this action against the wishes of the Indians. Someone suggested the other day that a great many Indians were anxious to become enfranchised. If that is the case let them secure enfranchisement by their own application, not by force. That is just the situation. There is no use beating about the bush; this bill puts in the hands of the minister and of the government the power to take away from the Indians rights which they now have. It puts in the hands of the government the right to

make the Indians liable to have their goods taken under execution; their lands which are now held under a location ticket may be taken under a judgment, which cannot be done now. Anyone who knows anything about the Indians knows that as a general rule they are very trusting individuals and that one of the greatest safeguards they have had in the past has been the fact that the white men living not far from the reserves, who as a general rule are anxious to make contracts with them, cannot by means of those contracts put themselves in a position to issue executions and thereby deprive the Indians of their property. That is the great injury that is being done now; that was the great evil that was sought to be avoided by giving the Indians the protection they have had in the past. They are wards of the government, and why? Does my hon. friend mean to suggest that the Indians are better able to care for and protect themselves against improvident contracts now than they were years ago?

Mr. BENNETT: Yes.

Mr. ELLIOTT: I differ entirely.

Mr. BENNETT: We have spent many millions of dollars to make them so.

Mr. McINTOSH: They are not at the point of perfection yet.

Mr. ELLIOTT: I speak with some knowledge of the subject when I say that the Indians have not improved under the care of the government.

Mr. MURPHY: Do I understand the hon. member to say that the Indians have not improved under the system of education and other aids that have been given them for many years?

Mr. ELLIOTT: Not with regard to protecting themselves against contracting away rights which they should not be allowed to lose. That is the position, and even if the Indian has advanced to that stage is he not the best judge of whether or not those rights should be left with him or taken away? I cannot add anything to what I have said already. This legislation is highly objectionable and I believe that it will not be satisfactory to the Indians now any more than it was ten years ago. I do not think it is going to increase the confidence the Indians should have in the protection given them by the government if they are forced to accept legislation of this kind.

Mr. CASGRAIN: A few moments ago, Mr. Chairman, I mentioned that some Indians had protested against this legislation. I find at page 15 of the Montreal Star of February 28, the following dispatch:

Indians Protest Federal Measure
Caughnawaga Mayor and Councillors Now in Ottawa

This dispatch is dated Ottawa, February 28, and is sent by the Canadian Press.

A delegation of Caughnawaga Indians is in Ottawa to present a formal protest in the form of a resolution passed in council by the mayor and councillors against a bill introduced in the House of Commons—

Mr. BENNETT: The reading of this newspaper article is out or order, the hon. gentleman knows, because there is no evidence as to the authenticity of the facts.

Mr. CASGRAIN: It has often been done.

Mr. BENNETT: Then it is time the practice was stopped.

Mr. CASGRAIN: When it is a dispatch taken from the Canadian Press I think we should give some attention to it.

Mr. BENNETT: What has that to do with it?

Mr. CASGRAIN: And it is a paper friendly to the government.

Mr. BENNETT: What has that to do with it? The point is that it reflects—

Mr. CASGRAIN:
—for compulsory enfranchisement—

Mr. BENNETT: Just a moment; I am speaking to a point of order. The point is this. This is a reflection upon the administration of this act; it states that the government is doing so and so. Now, the fact that it is in a newspaper does not give it authenticity or value. The facts can be verified, but to place on record something that appears in a newspaper is merely taking up the time of the house.

Mr. RALSTON: It is in order.

Mr. BENNETT: No; it is a reflection upon the administration of the act.

Mr. STEWART (Edmonton): It might be a reflection on the action of the government—

Mr. BENNETT: The hon. member can criticize it, but not a newspaper.

Mr. CASGRAIN: Do you mean to say, Mr. Chairman, that we cannot read a newspaper article to show that certain citizens in the country are protesting against certain

things that are being done? This is being done every day in the house. I have heard articles read from on the orders of the day, indicating that certain people have protested against certain things that have been done.

Mr. BENNETT: And the Speaker has ruled that it should stop.

Mr. CASGRAIN: I submit that this is not disrespectful. I think that people may protest against legislation that is being enacted—

Mr. BENNETT: The hon. member can do the protesting, but not a newspaper.

Mr. CASGRAIN: The newspapers have a right to express their views, and a member can comment on what is being said. If the minister will permit me, I will go further than what is reported. My purpose in reading the article is to elicit information from the minister regarding certain treaties and acts whereby the Indians claim that they have the right not to be subjected to this legislation.

The CHAIRMAN (Mr. Ross): Just a moment—

Mr. McINTOSH: Will you not allow the hon. member to read the article?

The CHAIRMAN (Mr. Ross): A point of order has been raised.

Mr. CASGRAIN: Will you give your ruling, Mr. Chairman?

The CHAIRMAN (Mr. Ross): The article, I understand, is a criticism of the house.

Mr. CASGRAIN: No, Mr. Chairman. I submit that there is no criticism of the house. A certain band of Indians, a certain section of the community, has the right to protest against certain legislation which is being enacted, and when a petition is reported in the newspapers indicating such a protest against the enactment of legislation proposed by the government, I submit that a member has the right to read and comment upon the article. Very often, when there is criticism in the country, it is reduced into the form of resolutions by boards of trade or other public bodies and such resolutions are published in the newspapers, and they are read in the house, sometimes in the course of debate on the budget.

Mr. BENNETT: In most of your speeches, I am bound to say.

Mr. CASGRAIN: My right hon. friend when he was himself in opposition read such protests made by different organizations.

The CHAIRMAN (Mr. Ross): What the hon. member is reading is a criticism of proceedings now under way, and I do not think that that is in order.

Mr. CASGRAIN:

—for Indians, a bill sponsored and endorsed by the Minister of the Interior.

The CHAIRMAN (Mr. Ross): The hon. member is not in order in reading the article.

Mr. RALSTON: I know, sir, you will be fair in the matter. May I ask that you read the rule? The rule, as I understand it, is that no member may read from newspapers comments reflecting on the proceedings of the house. It is in the nature of privilege, but it has nothing to do with criticism of the government.

The CHAIRMAN (Mr. Ross): This is criticism of procedure—

Mr. CASGRAIN: No, Mr. Chairman; I submit that there is no such criticism.

The CHAIRMAN (Mr. Ross): That is my ruling.

Mr. CASGRAIN: It is criticism of certain proposed legislation and as such we have a right to criticize it. Also, we have the right to show that certain public bodies or associations concerned with legislation are entitled to state in the press their criticism—

Mr. BENNETT: Certainly.

Mr. CASGRAIN: —and we have the right to explain what that criticism is. Now, we have here in a report of the Canadian Press a certain dispatch—

Mr. BENNETT: To my certain knowledge many of the reports sent out by the Canadian Press have been wholly inaccurate.

Mr. CASGRAIN: There is article 98 of the criminal code.

Mr. McINTOSH: Will you name some of the inaccurate reports?

Mr. BENNETT: I will name one that came to my attention this morning, a dispatch in connection with an international matter dealing with fisheries. I do not know whether the reports have a particular political tinge, but apparently they have in view of their authorship.

Mr. CASGRAIN:

—the deputation consists of—

The CHAIRMAN (Mr. Ross): Order. I have given my ruling and I will stand by it.

Mr. CASGRAIN: What is the ruling?

The CHAIRMAN (Mr. Ross): The ruling is that the hon. member may not proceed with the reading of that article.

Mr. CASGRAIN: But what is the ruling?

The CHAIRMAN (Mr. Ross): I have given my ruling; you cannot do it.

Mr. CASGRAIN: Do what? Then I appeal from your ruling, Mr. Chairman.

The CHAIRMAN (Mr. Ross): This is the submission: In the course of debate on an amendment to clause 7 of a bill to amend the Indian Act, Mr. Casgrain seeks to quote from an article in a newspaper commenting on proceedings now before committee of the whole. This is ruled out of order under rule 306.

Mr. CASGRAIN: I did not comment on the proceedings of the house; the newspaper article does not comment on the proceedings. It is a protest—

The CHAIRMAN (Mr. Ross): That is the same thing. Is the committee satisfied now?

Mr. CASGRAIN: I wish you would read it.

The CHAIRMAN (Mr. Ross): Rule 306 reads:

It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

Mr. RALSTON: Mr. Chairman, with all deference I contend that you must submit to the Speaker what has actually been read. It is not for you to decide whether it is or is not in order; that is what the Speaker has to determine. We should have the writing in question in order that the Speaker can decide whether it comes within that rule.

The CHAIRMAN (Mr. Ross): I am submitting this newspaper as to what took place.

Mr. RALSTON: With all deference I protest, because you must submit the thing which was being read, and not your own interpretation.

The CHAIRMAN (Mr. Ross): An appeal has been made and it is not for me to decide anything.

[Mr. Casgrain.]

Mr. Speaker resumed the chair, and the chairman of the committee made the following report:

In the course of the debate on an amendment to clause 7 of Bill No. 21, to amend the Indian Act, Mr. Casgrain began to quote articles from newspapers commenting on the proceedings then before the committee of the whole. The chairman having ruled that to make such quotations is out of order, an appeal is made from the chairman's ruling.

Mr. RALSTON: Mr. Speaker, may we now discuss a point of order?

Mr. SPEAKER: It is not now debatable; it was debatable before the chairman.

Mr. RALSTON: There is no debate upon Your Honour's ruling?

Mr. SPEAKER: This is an appeal from a ruling of the chair.

Mr. RALSTON: There is no debate?

Mr. SPEAKER: The ruling of the chair is a matter for the house to decide. The Speaker merely has the duty of putting the question to the house.

Mr. McINTOSH: We know how it will turn out.

Mr. SPEAKER: The chairman having ruled that such quotations are out of order, the decision is appealed from.

Mr. RALSTON: Does Your Honour rule that there is no debate upon the motion?

Mr. SPEAKER: There is no debate.

Mr. RALSTON: No debate upon the motion Your Honour has put?

Mr. SPEAKER: There is no motion before the house.

Mr. RALSTON: Your Honour has put a motion as to whether the ruling—

Mr. SPEAKER: I am taking the sense of the house as to whether or not the ruling of the chairman shall be sustained; it is not debatable.

Mr. RALSTON: It is a question and Your Honour rules that the question is not debatable?

Mr. SPEAKER: I do.

Mr. MOTHERWELL: Lo, the poor Indian.

Mr. MacINNIS: I should like to vote upon this matter without prejudice and I should like to know the rule under which the chairman has ruled this to be out of order.

The house divided on the question: Shall the ruling of the chairman be confirmed? And the ruling was confirmed on the following division:

YEAS

Messrs:

Anderson (Toronto-High Park), Anderson (Halton), Arsenault, Arthurs, Baribeau, Belec, Bell (St. Antoine), Bell (St. John-Albert), Bennett, Bourgeois, Bowen, Bowman, Boyes, Burns, Bury, Chaplin, Charters, Cotnam, Cowan (Port Arthur-Thunder Bay), Cowan (Long Lake), Davies, Dickie, Dupré, Duranleau, Embury, Esling, Fortin, Fraser (Cariboo), Gagnon, Ganong, Garland (Carleton), Geary, Gobeil, Guthrie, Hackett, Johnstone, Jones, Kennedy (Winnipeg South Centre), Laflèche, Larue, Lawson, Lennox, Loucks, Macdonald (Kings), Macdougall, MacLaren, MacMillan (Saskatoon), MacNicol, McDade, McGibbon, McGillis, McGregor, McLure, Maloney, Moore (Chateauguay-Huntingdon), Morand, Mullins, Murphy, Myers, Nicholson, Peck, Perley, Sir George, Pettit, Pickel, Plunkett, Porteous, Price, Quinn, Rogers, Rowe, Ryckman, Sauvé, Senn, Shaver, Short, Simpson (North Simcoe), Simpson (West Algoma), Smith (Victoria-Carleton), Smith (Cumberland), Smoke, Spankie, Spence, Sproule, Stanley, Stewart (Lethbridge), Stinson, Stirling, Stitt (Nelson), Sutherland, Swanston, Tétreault, Thompson (Lanark), Tummon, Weese, White (London), White (Mount Royal), Willis, Wright.—98.

NAYS

Messrs:

Beaubien, Blair, Bothwell, Bouchard, Boulanger, Bradette, Brown, Butcher, Casgrain, Cayley, Chevrier, Coote, Denis, Desrochers, Donnelly, Dubois, Duff, Dupuis, Ernst, Fafard, Ferland, Fiset, Sir Eugène, Fournier, Fraser (Northumberland, O.), Garland (Bow River), Gershaw, Girouard, Golding, Goulet, Gray, Hall, Hanbury, Hanson (Skeena), Heenan, Howden, Hurtubise, Ilsley, Irvine, King, Mackenzie, Lacroix, Lapointe, Luchkovich, MacInnis, Mackenzie (Vancouver Centre), MacLean, Macphail, Miss, McIntosh, McKenzie (Assiniboia), Marcil, Mercier (Laurier-Outremont), Mitchell, Neill, Parent, Perras, Pouliot, Power, Raymond, Reid, St-Père, Sanderson, Séguin, Speakman, Spencer, Stewart (West Edmonton), Thauvette, Woodsworth, Young.—67.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Baker, Barber, Barrette, Bell (Hamilton), Beynon, Beaubier, Black (Halifax), Cahan, Cantley, Casselman, Dorion, Duguay, Edwards, Gordon, Gott, Hanson (York-Sunbury), Harris, Laurin, Macdonald (Cape Breton), Manion, Matthews, Perley (Qu'Appelle), Rhodes, Robinson, Ross, Ryerson, Spotton, Stevens, Stewart (Leeds), Stitt (Selkirk), Sullivan, Thompson (Simcoe), Turnbull, Weir (Melfort), Wilson, Bertrand, Totzke, Rhéaume, Mercier (St. Henri), Euler, Ahearn, Dubuc, Rinfret, Cardin, Howard, Verville, Dumaine, Elliott, Deslauriers, Rutherford, Veniot, Jacobs, Fontaine, Urquhart, Lucas, Moore (Ontario), Munn, Ralston, Factor, Roberge, Taylor, Hepburn, Malcolm, Gardiner, Weir (Macdonald), Brasset, Jean, McPhee, Motherwell, Vallance.

Mr. STEVENS: I was paired with the hon. member for North Bruce (Mr. Malcolm). Had I voted I would have voted to sustain the ruling of the chair.

Mr. TOTZKE: I was paired with the hon. member for Fraser Valley (Mr. Barber). Had I voted I would have voted against sustaining the ruling of the chair.

Mr. VENIOT: I was paired with the hon. member for York-Sunbury (Mr. Hanson). Had I voted I would have voted against sustaining the ruling of the chair.

Mr. BRASSET: I was paired with the hon. member for St. Ann (Mr. Sullivan). Had I voted I would have voted against sustaining the ruling of the chair.

Mr. BERTRAND: I was paired with the hon. member for Toronto Northeast (Mr. Baker). Had I voted I would have voted against sustaining the ruling of the chair.

Mr. EDWARDS: I was paired with the hon. member for West Middlesex (Mr. Elliott). Had I voted I would have voted to sustain the ruling of the chair.

Mr. HARRIS: I was paired with the hon. member for Cartier (Mr. Jacobs). Had I voted I would have voted to sustain the ruling of the chair.

Mr. RYERSON: I was paired with the hon. member for Norfolk-Elgin (Mr. Taylor). Had I voted I would have voted to sustain the ruling of the chair.

Mr. RHEAUME (Translation): I was paired with the hon. member for Berthier-Maskinongé (Mr. Barrette). Had I voted I would have voted against sustaining the ruling of the chair.

Mr. DORION (Translation): I was paired with the hon. member for Lotbinière (Mr. Verville). Had I voted I would have voted to sustain the ruling of the chair.

INDIAN ACT AMENDMENT

The house again in committee on Bill No. 21, to amend the Indian Act.—Mr. Murphy —Mr. Ross in the chair.

Mr. CASGRAIN: When I was prevented from quoting from the article to the effect that a delegation of these people had come to Ottawa, I was going on to say that their objections to the legislation now before us are on the following grounds: First, that there are treaties existing between the United States and Great Britain, in which both nations recognize the rights of the Indians as an independent people; secondly, there is another treaty which provides that the Indians shall not be denied their tribal rights; and thirdly, the Jay treaty of 1794 recognizes the tribes as being outside the circle of British subjects in relation to citizenship and sovereignty. I understand that those were the objections formulated in the resolution that was adopted by the council of the tribe at Caughnawaga, and that the council has delegated a certain number of representatives to present their representations to the government at Ottawa. I understand that the names of those who are at the head of the council and of the delegation which has the resolution in its hands are Mayor Joseph Lefebvre, and councillors Angus Diabo, Alex. K. Beauvais and Stephen W. Delisle. They have been entrusted by the Indians to present to the government their objections to this legislation which the government wants to force through the house in relation to the tribes.

I have asked the minister whether he has received any communication from the mayor or people of the Indian tribe of Caughnawaga, and he has replied that he has not received any communication from them or had any interview with them. But it may be that some of his officials have had some communication or interviews with these people, and so in fairness to the house and the country, and in fairness to these various Indian tribes who are much concerned in this matter, I think we should have from the minister, in view of the objections to this legislation by the Indians on the ground of the various treaties I have mentioned, a clean breast, and that the whole situation should be put before the house and the country. I think the minister should also state whether he does not consider worthy of consideration the objections which are being put forward by the Indians against this legislation, based upon the treaties I have mentioned. If those objections are to be considered, I do not think we should proceed further with this legislation until that has been done, but we should hear the representatives of these people and find out whether they want this legislation and what objections they have to it. That was the course taken when the Indian Act was amended in 1920. I remember that at that time a special committee of the house was set up, and the representatives of the various tribes all over the country came to Ottawa and made their representations, after which certain legislation was enacted to protect the Indians in view of the treaties which they had with Great Britain and with Canada. I believe the present legislation does away with these privileges. I think the minister ought to give all information possible to the house, in view of the treaties I have just mentioned.

Mr. BENNETT: Mr. Chairman, in view of the observations made by the hon. member for West Middlesex (Mr. Elliott) I venture to speak to the committee briefly with respect to this matter. This country

has treaties with the Indians; those treaties confer rights and grant immunities. But that has not precluded parliament from legislating when dealing with Indian matters; neither has it precluded legislatures, in some instances, from dealing with similar matters. That is, parliament has enacted national laws by which Indians are bound. The whole criminal code applies to Indians, as we all know, and so do many other acts. We have also expended very large sums of money in the education of Indians, and it has been our boast—I think with some degree of fairness—that we have greatly improved their condition. The hon. member for West Middlesex does not think that, and possibly he has good grounds for his conclusions. I am not stating that his judgment in the matter is wrong; it is a matter of opinion. But I have lived for thirty years or more very near large Indian reserves, and I have been more or less familiar with their administration. There is a very large reserve east of Calgary, a Sarcee reserve not far away, a Stony reserve not far distant, and the Bloods have a large reserve near Macleod. I recall an occasion upon which a portion of land belonging to the Stonies was acquired by an enterprise in which I had an interest. I remember the Indians coming down here and putting their case before the department, speaking excellent English, and asking that a certain measure of compensation be given to them for the property they were willing to sell. I remember, further, taking the Indian chief up to the parliamentary restaurant where he had dinner with me, and I was struck with his wide knowledge not only of business but of everything touching the matter we were considering. It made a very definite impression upon my mind at the time, and was, in my view, evidence of the fact that the privileges which we had extended had not been in vain.

From time to time this parliament has exercised jurisdiction in enacting legislation which it was believed was in the interest of the nation as a whole and, incidentally, in the interest of the Indians whom it directly affected. It has been suggested, for instance that, the desire to enfranchise some of the Indians had political colour. Obviously any such assertion is negatived by the fact that if they were enfranchised against their will they would not vote for the government that did it. I believe that is a fair answer to make to that. On the first point, we have said that if an Indian desires the franchise, that right should be afforded to him. That right is afforded to him because he has by his education and by his position in the community indicated that he desires no longer to claim the immunities, but to claim the rights of citizenship, and he is enfranchised accordingly. That has been going on for some time.

I come now to the next point, the controversial point which has had so much consideration in this house in the last three or four days. Is it not desirable, and I put it on that ground, assuming that parliament has jurisdiction—which I do, for the purpose of all I have to say—is it not desirable that one possessed of education, one possessed of facilities for taking his position in the community, and one who practises a learned profession, should not be compelled to accept his rights? That is the question. That is all there is in it. If it is felt that this section confers upon the government too great a power, the minister in his statements to the house has made it abundantly clear that he has no desire to utilize any governmental machinery for the purpose of imposing any unfair obligations on the Indians. And if after inquiry by a county court judge, an officer of the department and a representative of the band, constituting a committee to determine whether or not in the light of all the circumstances, the money expended, the education secured and the profession he is practising, or whatever it may be, it is felt that a man should not longer claim the benefits and immunities under the act, but should assume the responsibilities and rights of citizenship, then that is all that is involved in the measure before us. If it is felt, as the hon. member for West Middlesex seemed to think, that the government had some purpose in the machinery suggested, I may say that this is purely an administrative matter which must be passed upon by the governor in council. In other words the minister himself has no power to do it, but when the report is made to him he submits it to council—that is, to all his colleagues—for their consideration. That means that a majority of the cabinet must, by appropriate action, determine what course shall be taken.

Mr. BEAUBIEN: Is it not a fact that when a minister of the crown brings a recommendation before the governor in council, his recommendation is accepted as a matter of form?

Mr. BENNETT: I fancy we would have no difficulty in getting any ex-minister to give evidence on that point.

Mr. STEWART (Edmonton): It would be passed if we could get it passed.

Mr. BENNETT: The hon. member who has just spoken has answered the question. Under our institutions there is no obligation

upon the council to do other than give the fairest possible consideration, in the light of the individual knowledge of each member of the council, the special matter submitted for its consideration.

Mr. BEAUBIEN: It would not be possible for the council to give special consideration, would it?

Mr. BENNETT: It is done. May I say that the Minister of Labour explained that under an order in council passed in 1930 there can, by order in council, be admitted into this country only certain people. Each one of those applications is accompanied by a report. Each individual case is considered, and members of parliament who make representation may be perfectly certain that upon the application as it comes before council there is a memorandum to the effect that a recommendation has been made by this or that particular member of parliament indicating whether or not action favourable or unfavourable should be taken. In the present and the last administrations it happens that the Prime Minister has been president of the council, which means that he presides. If he is there he signs the order in council. I can only say this, that my experience has been that every order in council has been looked upon with some degree of care, and sometimes in the opinion of the ministers with too much care, by the president of the council and his colleagues.

I have merely indicated to the committee the circumstances under which the minister has submitted this legislation to the house. There is no political object behind it. Obviously there can be none. There is only an effort to prevent, by any individual, abuse of his position. That is, there is an effort to prevent abuse by a person who has attained a position of considerable importance in a community. It has been my privilege to speak to many highly educated Indians. I recall a very learned disquisition made to me once by a medical man who came from one of the Indian tribes, and most of you will recall the fact that for many years the head of the Foresters organization was a very distinguished Indian from, I believe, the Six Nations. Under those circumstances perhaps the committee will realize that this is an effort to prevent abuses by reason of immunities. That is all. But I grasp the force of the argument that was made here this afternoon that possibly two members from the department might give too much of a governmental character to the inquiry. Therefore, as in the case of naturalization, where the county court judge makes inquiries, there might be an amendment drawn substituting as one of the three members of the board a county court judge, or a judge of the superior court having jurisdiction in the area affected. I think that might meet the difficulties that one hon. member urged so strongly this afternoon. With that in view I suggest that the other sections of the bill be discussed and that this section stand, and the minister will endeavour to submit to the committee an amendment that will not be offensive to their sense of justice or fair play in dealing with those who, as was properly said by the hon. member for West Middlesex, are the wards of the nation. But being the wards of the nation implies that we are endeavouring to secure for them a position whereby they reach their majority. Just as wards in court are under the jurisdiction and control of the court, and have no contractual or other legal responsibility until they are twenty-one, so in this case we have spent millions of money for the purpose of bringing these wards to that point of maturity of judgment and understanding that they may be able freely to contract for themselves. I admit, as said by the hon. member for Provencher, that it must be done with discretion and without regard to any considerations other than those mentioned by the minister. If the committee is agreed, the section can stand and we will proceed to the consideration of the other sections, and endeavour to submit another amendment along the lines I have indicated.

Mr. STEWART (Edmonton): May I suggest, as the matter is to stand, that when the clause is redrafted some attention be given to the fact that this is effective on reservations, and with respect to bands living on reservations. I have refrained from taking part in the discussion because I did not have a very clear grasp of what the department was endeavouring to do by this legislation. I believe that a good deal of progress has been made in Indian education, and I think that we are now seeing the results. I can quite appreciate the fact that if an Indian is not residing on a reserve, is not an accredited member of a band, it might be desirable that he be enfranchised, and that legislation necessary for that purpose be enacted. But take for example, the case cited by the minister the other evening when this proposed legislation was under discussion, that of an Indian who, taking advantage of the educational facilities furnished him, sets up in business and is in possession of considerable property on the reserve. I know of not one but perhaps hundreds of Indians who are in that happy position, who are taking advan-

tage of the free land on the reserves, of the facilities they have under the provisions of the Indian Act, are making money and are creditable citizens. But here comes the point: Can you force that man to accept enfranchisement and become a Canadian citizen, and then, because you have done that, attempt to enforce all the laws of taxation which you think desirable and necessary against him as a resident of the band? Under the provisions of section 110 he left the band, was no longer a member of it, took his share of band funds and was created a citizen with full citizen's rights. That is where I see a good deal of difficulty. If you are going to apply it only to the Indians who have taken advantage of that, who have received their share of band funds, all well and good. That was all provided for before he made application for enfranchisement, when he was a member of the band; then his application in due course reached the Superintendent General. But all that is superseded under the proposed amendment; without that process you insist on his becoming enfranchised if the report of the committee is favourable. The suggestion of the Prime Minister of course will be helpful, that a larger protection will be offered him; but undoubtedly he will object. I never knew an Indian yet who, when you attempted to do something for him or with him that he was opposed to, did not object most strenuously and stir up a tremendous amount of trouble in the band. That is exactly the trouble we were encountering in 1922. I want to warn the minister and the department that by compulsory enfranchisement of Indians who are members of a band located on a reserve they face the possibility of considerable difficulty. You may surround it by safeguards to avoid that difficulty, but I point out that when you attempt to take that action it may lead to a great deal of trouble.

Mr. NICHOLSON: Before we pass from this I want to draw the attention of the committee to a point I raised the last time this measure was before us, namely, the position of the Indian who has never been a treaty Indian. I refer specifically to a very large number of people living in the section from which I come, hundreds of them who migrated from the shores of Hudson's bay just about the time the Canadian Pacific was projected through that country and the following decade, who never have been treaty Indians, and who from the time of their migration adapted themselves to the white man's mode of life. If I understood the minister correctly, and the interpretation given by the hon. Minister of Justice, it was to the effect that these people are still Indians, that they have not the rights of citizenship as other Canadians have, and are not entitled to the franchise. They are not entitled to any immunities under any treaty with the Canadian parliament. They are making their own way in the world, and measuring up splendidly, as many other Indians who have been treaty Indians are. But if the act now leaves them stranded, so to speak, neither Indians nor white men, something should be done while these amendments are being prepared to take care of them. I stated, and I restate here, that right in the town in which I live there are several hundred Indians of that class, free Indians, just as fine citizens as you find anywhere, and something should be done for them.

As to the principle of the bill itself, I support absolutely, after an experience of fifty years in the study of the Indian character, the effort being made by the department to enfranchise these men and women, when the Indian department, representing the Canadian people, through its efforts has raised their standard of life to a point where they are well able to stand up alongside of white people and to accept the responsibilities that go with that position. But I would like the minister to give a definite ruling as to the status of the Indians to whom I have particularly referred, and what is going to be done to take care of them. They are not treaty Indians; they just came down from the north and settled alongside of white men, hundreds and thousands of them over the whole country from the Manitoba boundary east.

Mr. DUPUIS: Before this section stands I should like to do my duty, as representing the county of Laprairie, to the Caughnawaga Indians, whose reserve is situated in my constituency. Those Indians sent a delegation to Ottawa, as the hon. member for Charlevoix-Saguenay said, and I had the pleasure of meeting them. I do not know whether or not they saw the minister; I am under the impression that they told me so, but I would not say so definitely. At all events they had a resolution, of which they gave me a copy. This resolution reads as follows:

> We, the councillors of the Caughnawaga reserve, assembled in council this 25th day of February, A.D. 1933, do beg to approach you relative to the passing and adoption by the House of Commons making it compulsory for the Indians of Canada to be enfranchised.
>
> It would be severe calamity to our Indians at this present time should we be compelled to follow the laws of the white man in that we were not given the advantages of seriously

studying and comprehending the difficult problems and laws of the British commonwealth.

In dealing with those treaties between Great Britain and the United States wherein the independence of the Indians of the Six Nations, both Great Britain and the United States have confessed that the Six Nations were an independent people. The supreme courts of both countries furthermore recognized those treaties as inviolable.

In the life of Sir Frederick Haldimand, Making Canada V. 3, page 356, the question of the sovereignty of the Indians was very embarrassing, in that it would have been impossible on any theory of the laws of the nations for Great Britain or the United States to establish a prerogative in themselves to enforce the laws of the white man upon owners of this country.

In dealing with the Jay Treaty of Amity, Mallory page 590 in 1794 the rights of the Indians was recognized. Moreover the language used there treated those tribes as being outside the circle of British subjects in relation to citizenship and sovereignty.

To make this admission still stronger that article was amplified by amendment of 1796 Mallory, page 607, which provides that no treaty made or to be made by either party with another nation or with any other Indian tribe should be construed to deny those tribal rights.

We therefore beg and pray that those treaties be maintained and recognized by Great Britain and her commonwealth and that the Superintendent General of Indian Affairs take into serious consideration our request that those laws dealing with the enfranchisement of the Six Nations Indians be not adopted and enforced upon them.

This petition is signed by Mayor Joe Lefebvre and Councillors A. K. Beauvais, John Lacombe, Andrew Delisle, Angus Diabo, and Jos. L. Beauvais.

I agree with the statement of the right hon. Prime Minister that the question of enfranchising those Indians who by education and mode of life have put themselves on the same level as other citizens, deserves consideration, and I am glad the Prime Minister made the suggestion that section 7 should be amended. It seems to me that this section puts in the hand of the government —any government that might be in power— the opportunity to bring about enfranchisement contrary to equity and fairness. Governments are only human; sometimes they are bound to fail and sometimes they are tempted. I am afraid that if section 110 is amended as suggested at present the government would be tempted to abuse its powers, so I am glad this jurisdiction is to lie with the courts. Of course I will wait until the amendment is brought forward before discussing its merits, but I was wondering who would decide what Indians should be brought before the courts. If this decision is to be left with the department it seems to me rather arbitrary.

[Mr. Dupuis.]

The Caughnawaga Indians have met five or six times in general assembly to protest against this legislation, and particularly against section 7. As I have said before, those Indians in general are well educated, and one would have difficulty in distinguishing them from other citizens, but it seems to me they should decide for themselves whether or not they wish to become enfranchised. They contend that this is a right which should be theirs alone. They also believe, and I think they are right, that this freedom is granted them by the treaties made between the Six Nations and Great Britain on the one hand and the Six Nations and the United States on the other. I took the trouble to look up the treaty of Ghent which was agreed to in 1814. Article IX of that treaty reads as follows:

> And His Britannic Majesty engages, on his part, to put an end immediately after the ratification of the present treaty, to hostilities with all the tribes or nations of Indians with whom he may be at war at the time of such ratification, and forthwith to restore to such tribes or nations respectively all the possessions, rights and privileges which they may have enjoyed or been entitled to in one thousand eight hundred and eleven, previous to such hostilities: Provided always that such tribes or nations shall agree to desist from all hostilities against His Britannic Majesty, and his subjects, upon the ratification of the present treaty being notified to such tribes or nations, and shall so desist accordingly.

If we give a rigid interpretation to this section I humbly submit that it guarantees the Indians their rights, privileges and possessions and states that no one has the power to take them away. Those who are conversant with the international laws, those who know these special laws, should study the matter to see whether their contentions are absolutely right when the claim is made that whatever we might do to take away these rights from the Indians would be anti-constitutional.

Mr. McINTOSH: Before we proceed to the consideration of another section, may I say a few words with regard to this bill which is intended to amend the Indian Act. I hope that by the time we are through with it the bill will really amend the act and not tend to destroy it. I want to say something for two reasons. One is that when the measure was before the house the other day I made certain constructive statements which I should like to supplement on the present occasion; and another reason why I think I should take part in this discussion is the fact that in the constituency of North Battleford we have quite a number of Indian reserves.

There are Indian reserves both south and north of the north Saskatchewan river. In northwestern Saskatchewan therefore, there are a considerable number of reserves. My experience with the Indians on these reserves extends over a period of some twenty-one years and I think I know something about the work that has been done to build up Indian character and to fit as many Indians as possible for the higher duties of Canadian citizenship.

The results that have followed the Indian legislation in this country up to the present time have been satisfactory, as the Prime Minister has said. I think the legislation on behalf of the Indians, passed under previous governments whether Liberal or Conservative, has been in the right direction. In my own riding of North Battleford there are two splendid Indian mission schools situated towards the west of the constituency, at the beautiful village of Onion Lake, one Anglican and the other Catholic. I am satisfied that both these mission schools have done excellent work, which has been largely instrumental in teaching the Indians progressive agriculture and fitting them for the duties of citizenship in that great western land.

I said I would supplement the remarks I made the other day with reference to this measure. At that time I endeavoured to make the point that the board which it is intended to set up by this legislation—or rather, the board which it was intended to set up until notice of the amendment was given this afternoon—was departmentally lopsided, and therefore I opposed it. I thought that since the board which the government then intended to set up was onesided it should be altered, and the proposition I put before the house then was that one man should represent the department. I think that is fundamentally sound. I may say I have every confidence in the departmental officials. In the second place I pointed out that the Indians ought to be represented, and that too is fundamentally sound. Thirdly, I endeavoured to define the status of the community under any new legislation that might be enacted, and I submitted that the community ought to be represented. With the remarks of the Prime Minister this afternoon, to the effect that the judge of the district court ought to be the third member of the tribunal, I heartily agree; I think he is on sound ground. The other day when I spoke that was the position I took; I held that the ground the government then occupied was unsound. I contended that what was then proposed did not show good judgment. Therefore, since the department is to have one representative and the band another, and if the district court judge is to be the third member, I think that fills the bill exactly, as far as this section of the measure goes. The suggestion I made to the committee last week was that the community ought to be represented, and if it is represented by the district court judge then I think we shall have a triangular board which will be quite acceptable and which ought to give satisfaction in any matter brought before it.

In giving power to any board one of the first things that should be considered by any responsible minister of the crown, by any department, by any government or any prime minister is the question as to just what power is being extended. What power are you giving away? As Canadians, whether Conservatives or Liberals or Commonwealthers —because apparently we have some of those people in Canada—and irrespective of politics, we should ask ourselves that question as to what power we are giving away and in whose hands we are placing it. That is the essence of liberalism and I am not afraid to put that question to the house. On that ground I stood the other day, and to-day, in view of the fact that the bill has been qualified, I heartily agree with the modification in the structure of the board. I do not think that any power we placed in the hands of the board as thus reconstructed will be detrimental to Canada, to the Indian tribes or to the community. I feel therefore inclined to support it.

In conclusion, may I say that there are Indians who in my opinion should be enfranchised. There are Indians who now have the right to vote; historically they have a perfect right to exercise the franchise. In many of the great movements in the west and in our national history the Indians have played a prominent part, and therefore we are only doing what is right when we seek to put them in that position in which they can be enfranchised. And, sir, I believe that the measure now before the committee, as modified, ought to fill the requirements so far as the Indians, the community affected, and the nation at large are concerned.

Mr. BRADETTE: The charge is frequently made against legislative bodies that there are too many laws, and I believe that this is one illustration. This section of the act, I would point out, is in conflict with the Dominion Elections Act. The Prime Minister, I know, said a few moments ago that so far as politics was concerned the application of this legislation or of the act as it has

stood was absolutely negative. I believe he is right in that regard. But so far as the Dominion Elections Act is concerned, this parliament has given the right to a certain class of Indians to vote; returned soldiers, Indians who took part in the great war, and their wives, have the right to vote. That of course comes under the election act, but in the application of this section you widen the scope of that provision. I believe therefore that this would be the place to do away with the charge against legislative bodies, to which I have referred, and which has been proved in a great many instances, that legislatures are enacting more and more laws some of which are in conflict with existing legislation. Surely it should be possible for the Indian department to incorporate this section in the election Act. I should be glad if the minister would answer this question: How will the principle apply to my own section of the country where we have no treaty Indians? Under the election act only returned Indians, veterans of the great war, and their wives have the right to vote. Will any of the other Indians in my section of the country get the franchise?

Mr. MOTHERWELL: I understand that section 7 is to stand for redrafting, and that section 110 will remain as it was?

Mr. MURPHY: I have no desire to prevent any hon. member from speaking, but these matters can be discussed when the proposed amendment is again before the committee. In order that progress may be made I would ask that this clause stand and that we proceed with the discussion of other sections of the bill.

Mr. MOTHERWELL: Do I understand that section 110 will remain as it was?

Mr. MURPHY: There will be no change in the old section except that another clause will be added.

Mr. MOTHERWELL: That is the one which we have been assured will be redrafted?

Mr. MURPHY: Yes.

Mr. MOTHERWELL: With the manoeuvring that has taken place on this simple enough question the minister can understand why the committee has been aroused and become suspicious as to his real intentions with regard to this bill. I have always looked upon the minister as being a very mild-mannered gentleman, one almost without guile, but I am wondering if I have misjudged him in that respect. From now on we are going to scrutinize this bill very carefully and especially any new amendments. I think it is a disgrace that the hon. member for Charlevoix-Saguenay (Mr. Casgrain) was prevented from reading the article which appeared in the Montreal Star with respect—

Mr. GUTHRIE: The hon. member cannot reflect upon the house in that way.

Mr. MOTHERWELL: Am I not permitted to express my opinion on that?

The CHAIRMAN (Mr. Ross): I must insist.

Mr. MOTHERWELL: Very good, that makes it all the worse for the committee, not for me. You will correct me if I do not get everything dotted just right, but I think it should be noted that not only the member for Charlevoix but also another member on my left repeated the article and the Indian representations against these amendments.

The CHAIRMAN (Mr. Ross): A different article altogether.

Mr. MOTHERWELL: He got the goods across anyhow. That is all I want to say at the present time.

Mr. NICHOLSON: I asked a question a few moments ago as to what action was to be taken with regard to Indians who are not treaty Indians and never have been. A confusion exists in the section of the country to which the hon. member for North Timiskaming (Mr. Bradette) referred because of the doubt which prevails in this regard. These Indians were born in Canada; they never have been treaty Indians and never have been in any sense wards of the state.

Mr. STEWART (Edmonton): Are they members of a band?

Mr. NICHOLSON: They are not members of a band, as I understand the meaning of a band of Indians. They have no chief; they are simply following the white man's mode of life, but they are Indians so far as race is concerned.

Mr. MURPHY: I have no desire to delay the progress of my own bill, but I think this question could be answered when the proposed amendment to this section is again before the committee. The hon. member stated that he propounded his question a few moments ago, but because of the noise around me I could not hear him correctly. I intended to read his remarks in Hansard and answer his question when the bill was next before the committee.

Mr. NICHOLSON: If there is any doubt as to the position which these people occupy, I think the matter should be settled once and for all while the bill is being considered.

Mr. MURPHY: I will take the matter into consideration.

Section stands.

On section 8—Residing or hunting upon any reserve without authority.

Mr. ARTHURS: I should like to suggest an amendment to this section. This is a penal section intended to keep aliens or others who have no business thereon off the Indian reserves. In the past any actions taken against parties who have misconducted themselves in any way have been taken before the Indian agent, and to my mind that is a very unsatisfactory procedure. I would suggest that the section be amended by adding the words "before a justice of the peace or a magistrate having competent jurisdiction" after the word "conviction" in the thirty-ninth line. I think this amendment would improve the conduct of cases under this section.

Mr. NEILL: Does the hon. gentleman suggest that the Indian agents are not competent?

Mr. ARTHURS: There is always the impression that while they may be competent, they may be also somewhat biased. We have had the same experience in Ontario under our game act where certain cases are tried before the wardens. I do not think this amendment could do any possible harm.

Mr. CASGRAIN: I think the amendment proposed has some merit and ought to be considered.

Mr. MURPHY: The Indian agent is given the powers of a magistrate by order in council if such action is deemed desirable, and otherwise he has certain powers under the act. Section 152 reads:

> Every Indian agent shall for all the purposes of this act or of any other act respecting Indians, and with respect to—
> (a) any offence against the provisions of this act or any other act respecting Indians;
> (b) any offence against the provisions of the Criminal Code respecting the inciting of Indians to commit riotous acts; or
> (c) any offence by any Indian or non-treaty Indian against any of the provisions of those parts of the Criminal Code relating to vagrancy and offences against morality;
> be ex officio a justice of the peace and have the power and authority of two justices of the peace, anywhere within the territorial limits of his jurisdiction as a justice, as defined in his appointment or otherwise defined by the governor in council, whether the Indian or non-treaty Indian charged with or in any way concerned in or affected by the offence, matter or thing to be tried, investigated or dealt with, is or is not within his ordinary jurisdiction, charge or supervision as an Indian agent.

The hon. member asks that the proposed amendment be further amended to take away from the Indian agent the power to deal with certain offences which may be committed. There are certain sections of the country where the services of a justice of the peace or a magistrate are not available, and in such cases it is necessary that the Indian agent should have the powers given to him by the act as well as the additional powers granted in some cases by order in council. Since taking over the administration of the department I have issued instructions that where the services of a magistrate are available they shall be utilized rather than having the case tried by the agent himself. I agree with the hon. member that it is not advisable in some cases that the agent should sit on the case because it might well happen that he might also be the prosecutor. However, may I say that if we amended this section in the manner suggested by the hon. member, there are many other sections of the act which should be amended similarly.

Mr. CASGRAIN: That would not do any harm.

Mr. ARTHURS: The objection I raised was largely on that very ground, that it is absolutely unfair that the judge should also be the prosecutor. I am not speaking from any particular personal knowledge of this act. In my county, where there are several reserves, offences in all cases are tried before the magistrate, which I think is proper. I am just bringing up this point which I think must be plain to anybody who considers the matter, that in case of offences under this act the agent would be both judge and jury and prosecutor combined.

Mr. HEENAN: Perhaps the minister would answer the question I asked some time ago in connection with section 6, which we can probably discuss in conjunction with sections 7 and 8. It will be observed that under section 8 a penalty is provided for a person who is found on the reserve and is unable to prove that he is there for some legitimate purpose. Reading that in conjunction with section 6, would any hawker or peddler going on the reserve without permission be subjected to the penalties provided under section 115? The reason I ask that is this: In the part of the country which I represent there are some reserves on which there are no Indian merchants. The Indians in that part

of the country do not remain on the reserve, but go out hunting and fishing and berry-picking, only returning to the reserve during treaty time, and the consequence is that they have to be grubstaked by some merchant to enable them to carry on until treaty time. Now under section 6, would one of these merchants, if he went on the reserve to sell goods to an Indian or collect a debt, be subject to the penalties of section 115? It would appear to me as if he would.

Mr. MURPHY: Section 6, which has been adopted by the committee, amends section 101 of the act, which reads as follows:

> The chief or chiefs of any band in council may likewise and subject to such confirmation, make rules and regulations as to—
> (a) the care of the public health;

and so forth. By section 6 of this bill we have added a new paragraph (k) to section 101, reading:

> Regulating the operations of hawkers, peddlers or others coming on the reserve to sell, or take orders for, wares or merchandise.

We are simply adding that paragraph to those already in the section by which the band itself regulates certain matters on the reserve.

Mr. HEENAN: In other words, the regulating of peddlers or hawkers comes under the jurisdiction of the band itself?

Mr. MURPHY: That is correct. Section 115 is designed for another purpose entirely, namely, to provide a penalty for loitering on the reserve when those so loitering cannot prove to the satisfaction of the court that they were on the reserve for some legitimate purpose.

Mr. HEENAN: Would the minister tell me how it is that, the Indian bands having given permission to a merchant, say, to go on a reserve, when the merchant arrives there he is met by the Indian agent who tells him that he has received a blanket order from the department at Ottawa prohibiting him from going on the reserve? To give a concrete case, last year some business men who had been doing business with the Indians went on the reserve to collect and sell and were told by the Indian agent that notwithstanding what the Indian band themselves desired, there was a blanket order from Ottawa under which the merchants were not permitted to go on the reserve. I want to point out to the minister that in my section of the country it had only this effect, that these business men went on to an island just a few yards away from the reserve, and the Indians went over to them, and in that way circumvented the order. I would ask the minister to clear up that point. If the band have full control, without any dictation from Ottawa, I am quite satisfied.

Mr. MURPHY: I think the hon. member has reference to a departmental order which was issued last year to all Indian agents in the dominion, which prohibited a transient trader from entering on the reserve for a period of thirty days at treaty time. The object of that order was to protect legitimate traders, so to speak, who carry on business on the reserve during twelve months of the year, and who in the past have been subjected on certain reserves, possibly not all, to competition from transient traders who come there at that particular time with merchandise and sell their goods to the Indians, and in many cases take practically all the treaty money which has been paid to the Indians. The trader who is licensed to be on the reserve during twelve months of the year in many cases has extended credit to the Indians in order to enable them to carry on, and it was felt that in fairness to these men they should receive the additional protection which was given by the departmental order referred to.

Section agreed to.

On section 9—Buying or selling contrary to the act.

Mr. POWER: By this amendment every Indian who sells any cattle or other animals or any grain, root crops or other produce, contrary to the provisions of the act, is liable on summary conviction to a fine. Is that the only change here?

Mr. MURPHY: Yes.

Mr. POWER: I suppose it is a matter of administration, and that the object of the amendment is to see that the Indian is not deprived of the proper profit or gain which he might make from his activities as a farmer or in some other line of endeavour. But I would point out to the minister that from the reference to "other animals" it would appear as if the Indian would now be obliged to sell the pelts or skins of animals, say, only to certain persons who have been designated by the department, and his market would therefore appear to be very much restricted. I am making this observation without any real knowledge of the Indian Act, but I would ask the minister if that would not be the effect?

Mr. MURPHY: When this bill was considered the other day we passed section 4 of the bill which involves section 41 of the act, and to that I draw the hon. member's attention. The section with which we are now dealing is merely a penal clause dealing with the same matter. The hon. member will observe that section 120 reads as follows:

Every person who buys or otherwise acquires from any Indian or band or irregular band of Indians in the province of Manitoba, Saskatchewan, or Alberta, or the territories—"

The Indian in those provinces and territories cannot sell his produce without first obtaining a permit from the Indian agent. He may sell to different people; he may sell to anyone, but before doing so he must obtain a permit from the Indian agent, the object being to prevent the Indian from disposing of his entire stock in trade. In other words it is to prevent him from being victimized. This clause is designed for the Indian's protection, and we are adding the clause to the act to make the Indian himself liable for any offence under the act. In some cases the party who purchased from the Indian was held liable and fined, whereas the Indian knowing full well he was contavening sections of the law, escaped free.

Mr. POWER: I do not wish to insist, but I repeat that the Indian is a ward of the government. Every person outside a band who purchases from him is liable to fine or imprisonment. That follows in pursuance of procedure laid down in the Indian Act. I think however we are going a long way when we make the Indian liable. It is my personal view that in parliament we are altogether too apt to create fines, and to place new penalties on our statute books. It seems to me that we could just as easily protect the Indian by enforcing some sort of discipline. As I understand the situation we make certain grants to him, we give him certain benefits under the Indian Act, and it seems to me that if he is in the position of our ward, or our child, we could withhold some of the benefits we confer upon him. I believe we would be going far if we were to lay down in our statutes a provision whereby any Indian who, without going through proper procedure laid down in the Indian Act sold some of the produce of his hunting, his fishing or his labour as a farmer, could be subject to summary conviction involving a $50 fine or imprisonment for thirty days. I do not wish to insist upon my views, but it seems to me that we could very easily find some other means to protect the Indians from being victimized, and that it should not be necessary to clap him in gaol for doing something which it is only natural he may attempt to do.

Mr. MURPHY: The amendment to the act was made on the recommendation of a former western commissioner who had had a very wide experience in dealing with Indians in the prairie provinces. It was found that in some cases Indians would go so far as to sell their seed grain supplied to them by the department. Those Indians knew they were doing wrong. It is not intended that the proposed provision shall become irksome upon the Indians, and I do not think it will be. As the system has been in effect for thirty or forty years, the Indian knows full well, when he sells his grain, cattle or other produce without obtaining a permit, that he is doing something he should not do. If the clause carries I believe no hardship will be worked upon the Indian. I feel certain the magistrates will take due notice of any extenuating circumstances, and that proper protection will be afforded the Indians.

Section agreed to.

On section 10—Restriction on Indian dances.

Mr. NEILL: I should like to know the purpose of this proposed amendment. In these days when Indians are becoming more and more civilized and educated, one would suppose we would be more inclined to withdraw restrictions. The explanations given on the opposite sheet of the bill throw no light on the subject. Indian agents do not live on every reserve—at least, they do not in the west. Many Indian schools are located near towns and at Christmas time they have concerts, for which they have to obtain permission from the Indian agent. Probably that would not be so difficult to get, because the people in charge would know some time ahead that the concert was going to be held. We will suppose, however, a condition such as this arises: A country fair is being held a long way from an Indian agent. Arrangements have been made that a team of Indians shall play a team of whites at lacrosse or football. Permission has been obtained—which, I must say is rather humiliating. We will suppose however that permission has been obtained. At the last minute one of the Indian boys cannot play, and it is impossible to replace him with another Indian without breaking the law, because permission could not be obtained from the Indian agent two hundred miles away. I should like the minister to explain what purpose lies behind the change

in the act, what harm it is doing in its present state, and what harm would come if an Indian did take part in a pageant without having first obtained permission from the agent. There is a very heavy penalty involved too, I notice.

Mr. MURPHY: At present the act reads as follows—

Mr. NEILL: I am familiar with the act.

Mr. MURPHY: It is as follows:

> Any Indian in the province of Manitoba, Saskatchewan, Alberta or British Columbia, or in the territories, who participates in any Indian dance outside the bounds of his own reserve, or who participates in any show, exhibition, performance, stampede or pageant in aboriginal costume without the consent of the superintendent general, . . .

and so on, shall be penalized. The proposed amendment has for its purpose the striking out of the words "in aboriginal costume."

Mr. POWER: Is the term "aboriginal costume" anywhere defined?

Mr. MURPHY: I believe the hon. member would find the accepted definition in any standard dictionary. The proposed change would merely widen the authority given to the Superintendent General.

Mr. NEILL: I know that, but why?

Mr. MURPHY: The endeavour of the department, in carrying out the act, has been to teach the Indians and to familiarize them with the principles of agriculture, thereby enabling them to secure their living. It has been found that when certain pageants, shows or stampedes are being held the Indian with his wife and family, and all other Indians on the reserve, will get into his family wagon and go to the stampede, leaving his crops and cattle without any care whatsoever. These shows and pageants and stampedes are usually held at a time of year when the crops are either to be harvested or the summer fallow looked after, and it has been found very difficult to induce the Indians to remain on the reserves at these times and practise the arts of agriculture as they should. I do not know whether that is why this section was first put into the act or not, but that is the reason for striking out these words now, so that they must obtain permission to attend these shows in such cases.

Mr. NEILL: If I can get anyone to second me I propose to cut the whole section out. That is what is needed. It is absolutely a dead letter in British Columbia, in the western part where I was an Indian agent. I never made any attempt to prohibit them at Christmas time and the like having a dance in aboriginal costume. They have just as much right to do that as we have to have a fancy dress ball.

Mr. MURPHY: There is nothing to prevent that.

Mr. NEILL: I remember someone making a complaint about me in that capacity, that I did not interfere in such a matter, and it was reported to Ottawa and I was asked for an explanation. I went down and investigated and found that they had had a pageant, and had devised and constructed an object in the shape of a whale, which came ashore at a given point and broke asunder and a number of young men came out—

Mr. JACOBS: Jonahs!

Mr. NEILL: No, they were a better type than Jonahs, they were part of this pageant, and dressed in white. Someone had apparently taken photographs of it, and I sent these photographs in with this comment, that I had been down there and these were the facts as I had found them: that the day before I left home we had a fancy dress ball in the town where I lived, and the man who got the first prize for a fancy dress costume simulated a monkey. For the life of me I could not see much difference between representing a monkey and representing a whale; if it was right for the white man to impersonate a monkey I did not see much harm in Indians representing a whale. I also pointed out that this is an amusement for the Indians, that the Indian is as much entitled to amusement as we are; in fact, he needs it more because he does not read and so has not that opportunity of recreation. I said that no doubt the ideal condition would be for the Indians to sit around in white collars talking about the uplift of the Indians. But they do not. If they were not doing something like that they would, as is well known, be drinking or gambling, and I thought it much better not to interfere too much with their native customs and enjoyment. I am glad to say that the Indian department was not lacking a sense of humour on that occasion; they said that perhaps I had acted with reasonable discretion. I see no reason why if an Indian wants to deck himself out as an eagle and put feathers on his head, he is any more reprehensible than the ladies who go to the Governor General's reception and put feathers on their heads. And let me say I have never seen an Indian at any of these dances in the condition of decolleté that I have seen at receptions.

Some hon. MEMBERS: Oh, oh.

Mr. NEILL: I move, sir, that the whole section be stricken out.

Mr. BOUCHARD: I second it.

Mr. POWER: May I point out that although at first I was quite willing to second the motion of my hon. friend from Comox-Alberni that this section 10 which is an amendment to section 140 of the act be struck out, if it be struck out we will have the clause as it now stands in the act, which prohibits Indians from participating in a performance in aboriginal costume.

Mr. NEILL: No, I wish to strike out the whole thing, not section 10.

Mr. POWER: Well, if permitted to do so I will second it.

Mr. MOTHERWELL: We ought to know a little about the Indian costumes and sun dances, and what the aim of the government has been for the last thirty or forty years, before we do anything like this. We have been trying to train the Indians to be self-supporting, and principally to be farmers. If they are going to be farmers, they cannot be showing up in all kinds of fantastic dress to amuse white people and visitors, very often in high positions in the country that I will not mention, so high that none of us are likely to attain to them. These Indians are paraded around to display themselves for the amusement of the white onlooker. That is not the way to make steady farmers of them. If they are going to run side shows, or prepare for the stage, then, that course may be all right, but I have known myself many Indians that have been settling down to domestic and farm life who were all upset by one visit to one of these stampedes. One sun dance will put them back in their advanced civilization for ten years. I think it has been well thought out by those in charge in former years that these old pagan dances are not good for them. It depends on what we want to have the Indians do, what is to be their ultimate destiny. Let them go out with such shows as the Marx Brothers or other travelling troupes if you want to keep them in that class of occupation. But if you are going to make farmers of them the sooner they are permitted to forget the old order the better. That is my experience, and it has been fairly extensive, because we live within a few miles of the most advanced Indian colony in the Canadian west, at File Hills. Even the little change the minister is making I do not like very much, although it is small; but to cut it all out would be decidedly a retrograde step if you want to make self-sustaining farmers of these boys who have been educated by the government and established on farms and have raised their families. When you seek to reintroduce the old heathen practices it is not merely a parade, it is the heathen sun dance that you are trying to bring back by this proposed amendment.

Mr. NEILL: Did the hon. member for Melville ever hear of the saying: All work and no play makes Jack a dull boy?

Mr. MOTHERWELL: Oh yes, I have often heard that, but it does not apply here.

The CHAIRMAN (Mr. Ross): Is clause 10 carried?

Mr. NEILL: No. I move, Mr. Chairman, that the section be amended to make it read as follows:

Subsection 3 of section 140 of the said act is hereby repealed.

Mr. BOUCHARD: As one who has always stood in this house and in this country for the old customs and costumes, I have very much pleasure in seconding this motion. I think we should not deprive our country of what little picturesque life is left. Why should we try to force standardization on everyone? Why should we try to induce the Indian to live as we live? I consider their mode of life a very picturesque one. I would even venture to say that from an artistic point of view some of our people have receded from the Indian standard. I would very much like to retain as much as we can of these old customs and old costumes.

Mr. MALCOLM: Can the minister inform the committee what privileges the Ontario and Quebec Indians have? Apparently this section does not apply to them.

Mr. POWER: They can laugh and play and have parties.

Mr. MURPHY: The question has not arisen in the eastern provinces to any extent, if at all. It more particularly applies to the western provinces. I am pleased, Mr. Chairman, to have the support of the hon. member for Melville, who has had much experience with Indians on his own reserves. He is aware, as I am, that if we are ever to make farmers out of our Indians—

Mr. BOUCHARD: Why should we?

Mr. MURPHY: —we should seek to keep them on the farms.

Mr. POWER: Why make them all farmers?

Mr. MURPHY: We are not attempting—

Mr. BOUCHARD: We are forcing.

Mr. MURPHY: —to make all Indians farmers, but this section particularly applies—

Mr. BOUCHARD: This is a back to the land movement.

Mr. MURPHY: —to those who are on agricultural reserves, who have attended certain pageants or stampedes in the west, and who at the present time are actually carrying on farming operations. When these stampedes occur every Indian on the reserve frequently leaves and consequently neglects his crops and his cattle.

Mr. NEILL: Does not the white man do the same?

Mr. MURPHY: The white man may, but the white man does not receive from the government appropriations to assist him in the work he is carrying on. The Indian is in a different category entirely. As has been well said this afternoon, we have spent millions of dollars in an endeavour to make these Indians self-supporting by teaching them the art of agriculture. There is nothing to prevent an Indian or Indians from taking part in a small local show in the aboriginal costumes with the consent of the agent. If they desire to take part in some pageant or to show off the reserve, and if it is considered proper by the Indian agent, it is very easy for them to obtain his permission, and I cannot conceive that the agent will refuse permission in justifiable cases. This provision is merely designed, as I have stated as clearly as I can, to keep those Indians from attending such pageants or shows as will militate against the performance of their duties as farmers.

Mr. NEILL: As far as experience goes I think I can compare with the hon. member for Melville, because for ten years I was an Indian agent and I learned how to handle them. I found that they got along much better and in a manner best calculated to promote their progress by not being too strict and by remembering that they were human beings who required recreation just as much as white men required it, and in fact more so for the reasons I have indicated.

Mr. MURPHY: There is nothing to prevent them from taking part in those shows if they get permission from the Indian agent.

Mr. NEILL: It is somewhat humiliating to be compelled to go to an agent who may be two hundred miles away, and it is not convenient. What if the agent is away or is not available? I suppose the best that can be said about this section is that to a large extent it is ignored.

[Mr. Bouchard.]

Mr. REID: I must support the amendment. Coming from a race which has perpetuated its aboriginal costumes for many years it would ill become me to help deprive the Indians of their costumes. Hundreds of years ago a measure of this kind was passed having reference to Scotchmen, and they have not recovered from that insult to this day. I think if the Indians want to parade in their costumes they should have the right to do so.

Amendment negatived on division.

Section agreed to.

Section 11 agreed to.

Section 1 agreed to.

Progress reported.

SUPPLY

The house in committee of supply, Mr. Bury in the chair.

Miscellaneous—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, $2,000,000.

Mr. HEENAN: Could the minister tell us what amount of coal has been moved under this subsidy?

Mr. GORDON: Under what is known as the Alberta coal movement to Ontario, that is, order in council P.C. 439 dated March 16, 1928, amended by P.C. 2364 of December 3, 1929, extended by P.C. 1268 of June 5, 1930 to March 15, 1931, and further extended by P.C. 302 of February 9, 1932, authorizing a test freight rate of $6.75 per ton on movements of Alberta coal to the province of Ontario, the movements have been as follows:

	Tons	Amount paid
1928..	32,101	$ 47,509 50
1929..	45,381	100,745 82
1930..	25,287	56,137 14
1931..	22,634	50,247 48*
1932..	16,801	37,301 39*
	142,204	$291,941 33

* Estimated.

Then by order in council P.C. 1400, dated June 14, 1930, a reduction was authorized of one-eighth of one cent per ton mile from existing freight rates.

P.C. 1303 of May 30, 1931, became effective June 1, 1931, and will expire June 30, 1933. It authorizes a reduction of one-seventh of a cent per ton per mile from existing freight rates, but the amount of the assistance is not to exceed $1.50 per net ton, on coal for industrial and railway purposes shipped to points in Manitoba. By P.C. 827 of April 15,

1932, the limit of $1.50 per ton was reduced to $1.20 per ton, with the proviso that acceptances already granted at the previous rate could be filled at the old rate.

P.C. 1303 also authorized a reduction of one-third of a cent per ton per mile from the existing freight rates, but the amount of assistance is not to exceed $2 per ton, on coal shipped to points in Ontario west of Sioux Lookout and Fort Frances.

Movements

	Net tons	Cost to government
1930, June to December.	54,479	$ 59,193 41
1931..	180,114	211,566 54
1932..	218,668	273,574 36
Total..	453,261	$544,334 31

Saskatchewan coal to Manitoba and western Ontario:

P.C. 1399 dated June 14, 1930, was effective from June 1, 1930, to May 31, 1931. It authorized a reduction of fifty cents per ton from the existing freight rates on coal for industrial purposes shipped to points in Manitoba.

P.C. 1301 of May 30, 1931, became effective June 1, 1931, and will expire June 30, 1933. It authorizes a reduction of one-seventh of a cent per ton per mile from the existing freight rates but the amount of assistance is not to exceed $1 per net ton on coal for industrial purposes shipped to points in Manitoba and to points in Ontario west of Sioux Lookout and Fort Frances.

Movements

	Net tons	Cost to government
1930, June to December.	19,604	$ 9,802 82
1931..	60,012	26,842 01
1932..	100,479	40,698 22
Total..	180,095	$77,343 05

British Columbia export and bunker coals:

P.C. 1302 of May 30, 1931, and as amended by P.C. 2699 of October 27, 1931, authorizes assistance of fifty cents per gross ton on coal sold as fuel for ships' stores, and assistance of $1 per gross ton on coal sold for export to foreign countries other than the United States of America. The total annual payments to be made under the order in council and its amendment are limited to $100,000. It expires June 30, 1933.

Movements

	Net tons	Cost to government
1931, June to December.	55,678	$17,850 72
1932..	81,639	36,750 00
Total..	137,317	$54,600 72

Nova Scotia and New Brunswick coals to Quebec and Ontario:

P.C. 539 of March 30, 1928, and its extension, P.C. 2256 of October 2, 1930, was in effect from April 1, 1928 to May 30, 1931.

Section "A" covered movements wholly by rail providing a maximum temporary rate of $3 per net ton on coal mined in Nova Scotia, and $2.10 per net ton on coal mined in New Brunswick, shipped by rail to points in Quebec during the season when navigation on the St. Lawrence was not practicable.

Section "B" covered movements by water and rail. It provided a temporary rate of one-fifth of one cent per ton less than the rail rate which otherwise would be applicable on coal mined in eastern Canada and carried by vessel to St. Lawrence ports and thence transshipped to points in Quebec and Ontario.

P.C. 539 was rescinded by P.C. 1299 and P.C. 1300 referred to hereunder, with the proviso that shipments would be continued on acceptances that were granted under authority of P.C. 539 until the tonnages authorized had been shipped.

P.C. 1299 for coal mined in New Brunswick became effective June 1, 1931, and will expire June 30, 1933. It authorizes a reduction of one-sixth of a cent per net ton per mile from the existing freight rates for coal for other than household purposes when shipped to points in Ontario or Quebec, but the amount of assistance is not to exceed $1.50 per net ton.

P.C. 1300 for coal mined in Nova Scotia, became effective June 1, 1931 and was in effect until May 9, 1932 when it was rescinded by P.C. 1048, referred to hereunder, with the proviso that shipments should be continued on acceptances that were granted under authority of P.C. 1300 until the tonnages authorized had been shipped.

P.C. 1300 authorized a reduction of one-fifth of a cent per ton per mile from the existing rail freight on coal mined in Nova Scotia and carried by vessel to St. Lawrence ports and thence transhipped by the railways to points in Quebec and to the town of Cornwall and the city of Ottawa in Ontario, with a limit of 75 cents per net ton. It also authorized a reduction of one-third of a cent per ton per mile (not exceeding $1.50 per net ton) from the existing rail freights on Nova Scotia coal waterborne to St. Lawrence ports and thence transhipped to points in Ontario other than the town of Cornwall and city of Ottawa. It also authorized a reduction of one-seventh of a cent per ton per mile (not exceeding $2 per net ton) on coal mined in Nova Scotia

and shipped wholly by rail to points in Quebec and Ontario during the season from 15th November to 15th April in each year.

P.C. 1048 became effective May 9, 1932. Amended by P.C. 1676 of July 28, 1932. Further amended by P.C. 2563 of November 22, 1932. Will continue in force until rescinded, so long as parliament continues to vote the necessary funds.

P.C. 1048 authorizes assistance at the rate of one-fifth of a cent per net ton per mile from the existing rail freight rates on Nova Scotia coal waterborne to St. Lawrence ports, thence transhipped by the railways to points in Quebec for use by consumers other than the railways. Limit 75 cents per net ton.

It authorizes assistance at the rate of one-third of a cent per ton per mile on Nova Scotia coal shipped similarly to the above to points in Ontario. Limit $1.50 per net ton.

It authorizes assistance at the rate of one-seventh of a cent per net ton per mile on Nova Scotia coal transported wholly by rail to points in Ontario and Quebec for use by consumers other than the railways. Limit $2 per net ton. Originally available only from November 15 to April 15 each year, this was amended by P.C. 1676 of July 28, 1932, to be effective at all times.

It also authorizes assistance at the rate of $1 per net ton on maritime provinces coal carried by water to any point west of the island of Montreal.

It authorizes, for maritime provinces coal transported as in the preceding paragraph to points west of the island of Montreal, thence transhipped by the railways to points in Ontario west of Kingston for use by consumers other than the railways, assistance at the rate of one-third of a cent per ton per mile from the existing rail freight rates. Limit $1 per net ton.

Railway Coal: It authorizes payment to the coal mine operators or to distributors, in the case of coal purchased by the railways for their own use at points in Quebec and Ontario, of the difference in the laid-down cost to the railways of coal mined in the maritime provinces and the laid-down cost at the same point of imported coal that would otherwise be used, up to a maximum of $2 per net ton. It was provided that the difference in laid-down costs should be determined by the Dominion Fuel Board. It was also provided that assistance should only apply on that quantity of Canadian coal purchased in excess of the quantity of Canadian coal purchased in 1931. This limitation was removed by P.C. 2563 of November 22, 1932.

[Mr. Gordon.]

The movement under these orders in council was as follows—

Mr. STEWART (Edmonton): Is there an area limit upon the assistance given to the railways?

Mr. GORDON: Yes.

Mr. STEWART (Edmonton): How far west does it extend?

Mr. GORDON: I think it comes up to Montreal and it may come as far as Kingston, although I am not sure. I will obtain the information for my hon. friend. The movement under these orders in council was as follows:

From Nova Scotia, Rail and Water

Year—	Net tons	Cost to government
1928	88,334	$ 15,734 40
1929	225,444	51,544 05
1930	305,099	84,204 18
1931	332,159	96,232 62
Total	951,036	$247,715 25

From Nova Scotia, all Rail

Year—	Net tons	Cost to government
1928-29	85,241	$166,219 95
1929-30	63,884	124,573 80
1930-31	71,549	139,520 55
1931 to December 31	17,608	27,837 13
Total	238,282	$458,151 43

The figures for 1930-31 all-rail movements are estimated only.

Progress reported.

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

Thursday, March 2, 1933

The house met at three o'clock.

LEAGUE OF NATIONS

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, may I draw attention to a mistake which appears in Hansard. Although I imagine it is a typographical error I should like, if possible, to have it corrected. In answering a question yesterday regarding travelling and living expenses of persons attending meetings of the League of Nations, the Prime Minister in the statement given is reported to have indicated the expenses of myself and other members of the Prime Minister's office as follows:

1928-29, Fiftieth Council meeting, $9,317.37.

May I say I did not attend the fiftieth council meeting at all, so that obviously in that particular there is an error. However, a little farther down mention is made of the fifty-first and fifty-second council meetings and of the ninth assembly. The names following that item are, I believe, of persons who did not attend either the fifty-first or fifty-second council meetings. Personally I did attend both, and I also attended the ninth assembly. Therefore I believe the words "ninth assembly, fifty-first and fifty-second council meeting" ought to precede the statement relating to the expenses charged to my office. I may say those expenses include also some expenditures which were incidental to business connected with the Prime Minister's office as I was Prime Minister at the time.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the information which I laid upon the table of the house in answer to the questions which had been asked, was furnished to me by the continuing official who has been in charge of these matters in the Department of External Affairs for many years, and it is just possible in indicating the council meetings, in brackets—as I noticed it was on the return—that the Hansard printers have made a mistake in putting in "fiftieth" where it should have been "fifty-first" or vice versa. That may be so. But, so far as the figures are concerned I only inquired if they had been checked over and if they were accurate, and I was informed they were. The information was filed as I received it.

Mr. MACKENZIE KING: I am not taking exception to the figures, so long as they are properly allocated to the fifty-first and fifty-second council meetings and to the ninth assembly of the League of Nations, and not put down simply as expenses arising out of the fiftieth council meeting, which I did not attend.

AGRICULTURE COMMITTEE

Mr. M. C. SENN (Haldimand) presented the second report of the select standing committee on agriculture and colonization, and moved that the report be concurred in.

Motion agreed to.

MISCELLANEOUS PRIVATE BILLS

Second report of the select standing committee on miscellaneous private bills.—Mr. Stinson.

PETITION

Miss A. C. MACPHAIL (Southeast Grey): Mr. Speaker, I beg leave to present a petition signed by 6,696 farmers in the different counties of Ontario asking for government action which will result in the raising of the prices of farm produce.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I suppose the petition will be referred to the proper committee, but it is obvious from the prayer of the document that it seeks relief which only provincial legislatures can grant.

Mr. McINTOSH: Out of court!

Mr. SPEAKER: I direct the Hansard reporter not to report the reading of the petition; I did not realize at the time what was being read. This petition must receive the same treatment as other petitions filed in the house and be referred to the clerk of petitions. Therefore Hansard will not report the reading of it.

VISITING COMMONWEALTH FORCES

Right Hon. R. B. BENNETT (Prime Minister) moved for leave to introduce Bill No. 40, respecting visiting forces of His Majesty and the exercise of command, discipline and attachments of commonwealth forces when serving together.

He said: In consequence of the passing of the Statute of Westminster it becomes essential that questions arising out of visiting of forces from one of His Majesty's dominions to another, or questions of command, discipline and attachments of commonwealth forces when serving together, should be dealt with by separate legislation, that is legislation passed by the parliaments of each of the dominions and of the United Kingdom. Such legislation was agreed to and has been passed —I am not sure whether by all the other dominions and the United Kingdom or not. I will be able to furnish the house with that information in due course, but this legislation is similar to the legislation enacted by the other parts of the empire.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): What is meant exactly by the expression "commonwealth forces"?

Mr. BENNETT: That will be explained by the bill itself. The British commonwealth of nations—it means the forces belonging to the nations of the commonwealth.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

GENERAL D. M. ORMOND—PENSION

Mr. CASGRAIN:

1. Is General D. M. Ormond, superintendent of penitentiaries, in receipt of a pension?
2. If so, what is the amount of such pension?
3. For what reason does he receive such pension?

Mr. GUTHRIE:

1. Yes.
2. $2,890.80 per annum; of which $1,540.93 is paid to General Ormond at the present time in order to make his annual salary as Superintendent of Penitentiaries equal to the rate of pay and allowances of which he was in receipt at the time of his appointment as superintendent as provided by subsection 13 of section 4 of the Militia Pension Act.
3. Long service.

ARMAMENT EXPORTS

Mr. MacINNIS:

1. Are any arms or armament material (munitions of war) manufactured in Canada for export?
2. If so, what was the value of such arms or armament material exported from Canada for the year 1932, or if the figures for 1932 are not available, for the last year for which figures are available?
3. If No. 1 is in the affirmative what was the name or names of the firm or firms exporting such arms or armament material, and the country or countries to which such arms or armament materials were exported?
4. Is it necessary for firms exporting arms or armaments to have a permit from the government?

Mr. BENNETT: I think the question in that form should be dropped. When it is asked "are any arms or armament material—munitions of war—manufactured in Canada for export" one cannot say with any degree of certainty to what use any country importing certain materials may put them. What might be used for purposes of war in one country might not be in another. Unless there is something much more specific, the question could not be answered.

Mr. SPEAKER: Dropped.

Mr. MacINNIS: Is it understood that the whole of the question be dropped, or only the first part?

Mr. SPEAKER: The question is not debatable. The question will be dropped for the time being, for revision. As pointed out by the Prime Minister it is not specific enough to be answered.

GREAT LAKES LEVELS

Mr. ARTHURS:

1. What is the lowest monthly mean level for each of the great lakes, Ontario, Erie, Huron and Superior, since records have been kept?
2. What were the same levels for January, 1933?
3. What were the average levels for each ten years ending January, 1873 to 1933?

Mr. DURANLEAU:

1. The lowest monthly mean level of the great lakes since records have been kept are:

Superior (April, 1926)	599·99
Huron (February, 1926)	577·44
Erie (February, 1926)	569·73
Ontario (November, 1895)	243·34

2. The levels for January, 1933, were:

Superior	601·95
Huron	577·70
Erie	570·86
Ontario	244·21

3. The average levels for each ten years ending January, 1873, to 1933, were:

Jan. Dec.	Superior	Huron	Erie	Ontario
1863—1872	602·23	581·37	572·97	246·35
1873—1882	602·27	581·90	572·99	246·01
1883—1892	601·94	581·87	573·00	246·47
1893—1902	602·51	580·25	571·87	245·01
1903—1912	602·28	580·53	572·28	246·05
1913—1922	602·31	580·46	572·16	245·99
1923—1932	601·84	579·28	571·66	245·50

Elevations are in feet above mean sea level.

UNEMPLOYMENT RELIEF—ASBESTOS, QUE.

Mr. LAFLECHE:

What amount has the federal government contributed by way of direct relief since 1930, to the town of Asbestos, Richmond county?

Mr. GORDON: The following accounts have been received and paid:

Under the Unemployment Relief Act, 1930—public works, $4,500; direct relief, $2,649.07.

Under the Unemployment and Farm Relief Act, 1931—public works, $8,400.

Under The Relief Act, 1932—direct relief, $408.09

In addition to the above accounts for direct relief distributed under the provisions of the

Relief Act, 1932, amounting to $421.52 have been received from the province. These accounts have been audited and a cheque covering same will be forwarded to the province within a day or two.

PORT DANIEL EAST, QUEBEC—WHARF REPAIRS

Mr. MARCIL:

1. What amount was authorized in 1932-33 for repairs to the wharf at Port Daniel East, Bonaventure county, and how much has been paid to date?
2. Out of what appropriation was this expenditure authorized?
3. Were tenders called for; if not, why?

Mr. DURANLEAU:

1. (a) $13,820.53; (b) $13,110.13.
2. Harbours and rivers generally, Quebec.
3. (a) No; (b) To avoid delay which the calling of tenders and preparation of plans would entail before a very urgent work could be undertaken, and also because the work could be done more expeditiously and economically by day labour than by contract.

BONAVENTURE COUNTY RELIEF WORK

Mr. MARCIL:

1. Did the Minister of Public Works receive any request from Bonaventure county to alternate men employed so as to give the unemployed a chance to secure some work?
2. If so, what answer was given to such request?

Mr. STEWART (Leeds):

1. Requests have been received from persons applying for employment on works being carried out by the department. These applications were referred for consideration to the district engineer, who is under instructions to secure the best help available, giving preference to the heads of families or those with dependents.
2. Answered by No. 1.

DISMISSAL OF G. N. PELLAND

Mr. CASGRAIN:

1. Has Mr. G. N. Pelland, chief herdsman at the experimental farm of Sainte-Anne de la Pocatiere, been dismissed?
2. If so, what were the nature of the complaints lodged against him, and who lodged such complaints?
3. Have these complaints been investigated?
4. If not, why?

Mr. SPEAKER: Dropped.

GASPE—FEDERAL RELIEF GRANT

Mr. DUGUAY:

1. Did the federal government contribute to the $60,000 grant given to the needy people of Gaspe in December, 1932?
2. If so, to what extent?

Mr. GORDON:

1 and 2. On February 27, 1933, a cheque was forwarded to the provincial authorities at Quebec in which was included an amount of $103.10 being payment of accounts received for direct relief distributed by the municipality of Grande Riviere Ouest, Gaspe county, during the month of December, 1932. The total expenditure in this connection amounted to $309.30, the dominion proportion being 33⅓ per cent, the balance being divided equally between the province and the municipality.

In addition accounts were received from the province of Quebec on February 20, 1933, for direct relief distributed by the provincial authorities from October 1st, 1932, to January 30th, 1933, in the districts of Grand Pabos and Cannes des Roches, Gaspe county. The total expenditure in this regard amounts to $1,204.79 the dominion proportion being 50 per cent or $602.39. These accounts are now being audited and a cheque in payment thereof will be forwarded to the province within a few days.

QUESTIONS PASSED AS ORDERS FOR RETURNS

UNEMPLOYMENT RELIEF REFUNDS—QUEBEC

Mr. DUGUAY:

1. Has the federal government called upon the provincial government of Quebec to refund certain contributions for unemployment relief?
2. If so, in what cases?
3. For what reasons were such refunds requested?

UNEMPLOYMENT RELIEF—GASPE

Mr. DUGUAY:

Has the Quebec government requested the federal government to grant relief to the needy people of Gaspe?

ABANDONMENT OF DIRECT RELIEF

Mr. DUGUAY:

Has the Quebec government made any representations in favour of the abandonment of the system of direct relief and the reestablishment of the system of public works?

GERMAN SITUATION

On the orders of the day:

Mr. S. FACTOR (Toronto West Centre): May I ask the Prime Minister if the government has received any information concerning the very serious situation in Germany, and if so, whether the Prime Minister would make a statement to enlighten the house.

Right Hon. R. B. BENNETT (Prime Minister): The answer is in the negative.

Mr. FACTOR: May I follow with another question? There are Canadian citizens resid-

ing in Germany or interested in property in Germany. I would like to know from the Prime Minister if the government is taking any steps to secure their safety and security?

Mr. BENNETT: The answer is, the government has no knowledge of the matter. The government has no representative in Germany. Any information received by the Canadian government would be through the British authorities. No such information has been received.

TRADE RELATIONS WITH RUSSIA

On the orders of the day:

Mr. A. F. TOTZKE (Humboldt): I would like to ask a question based on an article appearing in the Toronto Star of February 28, to the effect that western Conservative members of parliament have been told that an entirely new proposition has been made by the Serkau syndicate in connection with the proposed Russian barter deal. My question is: Has there been a new proposition, and if so will the Prime Minister make a statement in this regard?

Right Hon. R. B. BENNETT (Prime Minister): I am not responsible for gossip appearing in the Toronto Star newspaper. Neither is the government.

Mr. EULER: But is it true?

Mr. BENNETT: As far as I know it is not true. All I can say is that the hon. gentleman and his friends know perhaps far better than I what is taking place in connection with Mr. Serkau.

CATTLE SHIPMENTS TO BRITAIN

On the orders of the day:

Mr. JOHN VALLANCE (South Battleford): I wonder if I will have any better luck than the hon. member for Humboldt (Mr. Totzke). I notice that the Minister of Agriculture (Mr. Weir) is not in his place. I would like to ask the acting Minister of Agriculture, whoever he is, whether the statement that appeared in the press yesterday that in a recent shipment of cattle from Canada to the United Kingdom only forty head of them were fit for the Birkenhead or London market?

Right Hon. R. B. BENNETT (Prime Minister): There is no acting Minister of Agriculture, owing to the fact that the minister's absence is not expected to be for any length of time; he is in the hospital in consequence of an infection of his eye. I have no knowledge of the matter to which the hon. gentleman refers, but so far as I know it has not been brought to the attention of the government.

[Mr. Factor.]

I will see that any information available is furnished. Of course, when questions of this kind are asked without notice obviously they cannot be expected to be answered.

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

On the orders of the day:

Mr. J. A. MERCIER (Laurier-Outremont): I should like to ask the Minister of Railways and Canals (Mr. Manion) when the second reading of Bill No. 37 will be proceeded with.

Hon. R. J. MANION (Minister of Railways and Canals): At the moment it is intended that it will be proceeded with on Monday next.

NEW ZEALAND BUTTER

On the orders of the day:

Mr. THOMAS REID (New Westminster): I should like to direct a question to the Minister of Trade and Commerce (Mr. Stevens): Have any representations been made to him by any dairymen's associations or other interests in British Columbia in connection with the increased sale of New Zealand butter at prices which it is claimed will be disastrous to the farmers of British Columbia? If so, what steps have been taken to protect the dairymen?

Hon. H. H. STEVENS (Minister of Trade and Commerce) : I will take this as a notice of the question.

SOLDIER SETTLEMENT

On the orders of the day:

Mr. CAMERON R. McINTOSH (North Battleford): Shortly after parliament convened the Minister of Labour (Mr. Gordon) stated that he would make a statement to parliament in connection with the soldier settlement policy of the government. I should like to ask the minister the approximate date when that statement will be forthcoming.

Hon. W. A. GORDON (Minister of Labour): At the moment I cannot give the hon. member the exact day when any statement will be made, but the government has now under review legislation with respect to soldier settlers which will be introduced at this session of parliament, intended to give some assistance to those settlers.

TRADE TREATY WITH FRANCE

On the orders of the day:

Mr. J. A. MERCIER (Laurier-Outremont): I should like to ask the Secretary of State

(Mr. Cahan) when he will be in a position to report to the house in connection with the new treaty of commerce with France.

Hon. C. H. CAHAN (Secretary of State): I do not expect to be in a position to make any report to the house. I have reported to the government and the report is in the hands of the Prime Minister.

JUDGE RUTHERFORD

On the orders of the day:

Mr. VINCENT DUPUIS (Laprairie-Napierville): Some time ago the radio commission issued the following instruction:

> Speeches of one Judge Rutherford, foreign anti-social agitator, must not be broadcast by Canadian stations until the continuity or records of same are submitted to the Canadian Radio Broadcasting Commission for approval.

Later this gentleman circulated throughout the country millions of leaflets similar to the one I now hold in my hand.

Mr. SPEAKER: Does the hon. member wish to ask a question?

Mr. DUPUIS: Yes, I am just coming to that. This is very important, and I believe every member of the house will be interested.

Mr. SPEAKER: The matter must be brought properly before the house. If the hon. gentleman wishes to ask a question I would ask him to proceed to do so.

Mr. DUPUIS: It would be impossible for me to put the question right away.

Some hon. MEMBERS: Question.

Mr. SPEAKER: Order. If it is impossible the hon. member should not try to do it.

Mr. DUPUIS: After that very wise conclusion I will put my question. I should like to ask the Postmaster General (Mr. Sauvé) whether he has taken any steps to prevent such leaflets being distributed by the Post Office Department, because they contain a direct insult to the Anglican denomination, one of the most important in this country. In this leaflet—

Mr. SPEAKER: Order.

Hon. ARTHUR SAUVE (Postmaster General): We are doing what it is possible to do.

Mr. DUPUIS: I would be glad if the minister would say what it has been possible to do. I should like an answer.

Mr. SPEAKER: I would suggest that the hon. member put his question on the order paper.

UNEMPLOYMENT AND FARM RELIEF

CONTINUATION FOR ONE YEAR OF PROVISIONS OF RELIEF ACT, 1932

The house resumed from Friday, February 24, consideration of the motion of the Minister of Labour that Mr. Speaker do now leave the chair for the house to resolve itself into committee of the whole on the following resolution:

> Resolved, that it is expedient to introduce a measure to continue in force the provisions of the Relief Act, 1932, until the 31st of March, 1934.

Mr. J. A. BRADETTE (North Timiskaming): Before I proceed with my remarks, Mr. Speaker, on behalf of the hon. members on this side of the house I should like to extend to the hon. member for South Winnipeg (Mr. Rogers) very many happy returns on his birthday.

When the debate adjourned last Friday I stated that so long as this government was spending public money on relief matters this was the time and place to bring to the notice of the government some of the results of the administration of these relief measures. I notice that my confrere, the provincial member for Cochrane North, Mr. A. V. Waters, put forward in the Ontario legislature two days ago some of the anomalies which I mentioned in this house last Friday evening. One of the matters I mentioned was the payment for medical services in our section of the country. I said at the time that the government responsible, whether provincial or federal, deserved to be complimented for the action they took, but I objected to the fact that medical men have been limited to the sum of $100 a month in all municipalities and towns. I am absolutely opposed to this limitation for the very good reason that in our section of the country at least the mining and industrial centres are surrounded by unorganized rural districts where it is impossible to maintain medical men. Take the doctor who practises at Cochrane or at Kapuskasing; he must look after the people in several adjoining localities, and when he is limited to the sum of $100 a month for medical services and any medicines he may supply it is absolutely impossible for the rural population to get the service they require.

I am bringing this matter particularly to the attention of the Minister of Labour (Mr. Gordon) because he is well acquainted with the situation existing in northern Ontario, and I hope this anomaly will be remedied at once. It has been said in this house that the primary duty of any government is to look after the welfare and health of the people, and in times such as these I think we would be well advised to devote a good deal of

money to public health work. This applies particularly to unorganized districts in the north.

Last Friday evening I was speaking of the back to the land movement, and I might say once more that I am absolutely in favour of any movement that will help bring back to the land those people who wish to engage in agriculture.

In the fall of 1930 a back to the land movement originated from the Department of Labour. At that time I offered certain criticism, not of the movement itself but of the fact that the government was priding itself on having placed tens of thousands of people on the land without the expenditure of any moneys. I maintained then, as I maintain now, that it was absolutely impossible to secure any measure of success, if the federal and provincial governments contemplated bringing people from the urban centres back to the land, without spending money. I may say to the minister and the house that there is not an individual to be found anywhere in Canada who would criticize such expenditures.

I fully agree with the minister in the statement that the movement is helping to place people once again on the land. As he has said, for the last fifteen or twenty years people from the rural centres have been finding their way to the cities, and that movement was quite noticeable until two or three years ago. Now however, owing to the economic and financial situation, there has been a stop to that process and we see the spectacle of hundreds of thousands of people, who originally were on farms and found their way to the larger centres, now anxious to return to farm life. The situation to-day is the reverse of what it has been during the last twenty years, and more and more people are expressing a wish to return from the urban to the rural centres.

That situation did not come about overnight; it has been the result of extreme mechanization and overproduction, and to-day in the urban centres skilled, semi-skilled and unskilled labour find it impossible to obtain remunerative employment such as was available a few years ago. The result is that those people who to-day in the large centres of population are unable to obtain the means of subsistence and are being forced to accept public charity are looking over the walls of the city limits, ready to return to the land. I believe this government has taken a step in the right direction in accelerating that movement, and that brings us to the root of the present economic situation. If it is possible for the government to discover what is wrong with agriculture the problems of the present depression will be solved at once, and that applies not only to this country but to the world at large. The moment we make it possible for the primary producers and the primary industry of this country to receive a reasonable return for their efforts we shall reach the root of the present problem.

If there is an anomaly in the industrial life of the world to-day, there is also an anomaly in agriculture, and we have the sad spectacle of the primary producer being in the same position as the unskilled and semi-skilled labourer in the larger centres. This condition of things is going to demand of the government, whether provincial or federal, considerable study, as well as the expenditure of large sums of money. I have no time to enter into a history of the economic life of the country during the last twenty years, but I think we all fully appreciate the fact that we have applied artificial aids to industry, in the way of higher tariffs, exemption from certain forms of taxation, more and more use of machinery and in other directions; and while we have been building up our factories and our industrial centres we have left agriculture to take care of itself. I think the government takes a step in the right direction when it goes into the urban centres and endeavours to encourage the surplus population there to find its way back to the land. But if we have applied artificial assistance to industry, to keep industry going, I contend that we should at least extend some governmental assistance to maintain our population on the land.

I think that before the session is over, in dealing with this all-important question of unemployment, we shall find that the placing of a certain proportion of the urban population permanently on the land will have solved to a large extent the unemployment problem in the larger centres if the people can remain in that occupation. I am not going to single out individual cases in the back to the land movement and hold them up as examples of failure. The movement as a whole has been I believe a success, and the class of people chosen by the government, whether provncial or federal, is, I think, the proper class. There are in the urban centres tens of thousands of people who were brought up on farms, who know a good deal about agriculture, and who now find themselves without employment, and these people are ready to make the necessary sacrifice to go back to the land. I say sacrifice because in a good many instances the return to the land does involve sacrifice; these people are suddenly uprooted from their environment and transplanted to newer sections of the country where they do not have the facilities to be

found in the older and more settled parts —such as good roads, places of amusement, bright lights and so on. I repeat, we have in Canada to-day tens of thousands of people with a knowledge of agriculture who are ready to make the necessary sacrifice to start life anew in the rural centres. I suggest however that the minister must follow up more closely the fortunes of the men who are placed on the land. In northern Ontario we are doing a wonderful work and the government has tried to place the people as closely together as possible. That has been done in the Algoma, Cochrane and Kapuskasing districts. I do not think the population now being settled should be spread over any very considerable territory; they should be concentrated so that they may cultivate the community spirit. If you isolate them in the new sections, where a man has no friends near him, the people are likely to lose the pioneering spirit. I would urge on the government that this principle be given proper recognition. I have in mind new centres in the Hearst section of people coming from the Waterloo and Kitchener district. Here the people seem to be satisfied with their lot because they have all come from the same locality and they have now a proper community spirit.

I would ask the government to inaugurate the movement early in the spring, making it possible for the people to go on the land not later than the end of August. It is utterly unfair for men taken from industrial centres to be placed on the land in the fall or winter, because they are bound to be discouraged. So far as northern Ontario and the western prairies are concerned, most of the available land lies in the northern section of the country, where the climatic conditions are far more severe than in the sections from which the new population is coming. I know that the government realizes the importance of this, and I trust that the people will be placed not later than the end of August. The best time of year to place prospective settlers on the land is during the months of March, April and May, because in those months they can remodel their buildings and put some land under cultivation, and they can also have a garden; in a word, if they are placed during those months, they can be to a large extent self-supporting. If they are put on the land late in the year however they are almost bound to lose heart, because, in northern Ontario at any rate, there is no use putting grain in the sod expecting it to mature unless it is planted before the middle of June; so that—

Mr. SPEAKER: The hon. member has spoken for forty minutes.

Mr. A. A. HEAPS (North Winnipeg): Mr. Speaker, the seriousness of the present unemployment situation was indicated last week when the Minister of Labour (Mr. Gordon) gave to the house some figures concerning those affected by the conditions now prevailing. In answer to a question he stated that there were over 1,300,000 men, women and children at present in receipt of relief from the Dominion of Canada. In addition it was also pointed out that there were approximately 800,000 people out of work. This number represents about one-third of the total employable population of Canada. Almost one out of seven of this country's population is in receipt of relief. This is not taking into consideration the vast number who are not in receipt of public relief but who are being maintained by their friends, relatives or other means. In my opinion, the unemployment problem should be considered from two angles. First, we have the care of those who require immediate relief and, second, we have the problem of unemployment which must be faced not only for the immediate future but for the years to come.

In rising this afternoon, I do so more particularly to answer some criticisms which have been levelled at the group in this corner by the right hon. the leader of the opposition (Mr. Mackenzie King). While other opportunities of dealing with this unemployment question from our own point of view will no doubt present themselves, I intend to take advantage of the first opportunity to deal with some of the criticisms levelled at us by the leader of the Liberal party. The right hon. gentleman stated that as far as the Liberal party was concerned unemployment was one of the main problems which parliament has to face. He then went on to enunciate fourteen points by means of which the Liberal party was going to lead us out of the wilderness into the land of prosperity.

Of the fourteen points, seven might be classified as dealing with tariffs. The next five dealt with finance, such as the creation of a central bank, the establishment of an investment control board, the reduction of the burden of interest and taxation and the reduction of the cost of government. Another point deals with the abolition of section 98 of the criminal code and then we have the fourteenth point dealing with unemployment and unemployment insurance. Although I have mentioned this point last, it appeared first in the new platform of the Liberal party.

So far as tariffs as a means of relieving the unemployment situation are concerned, whilst I am in favour of a reduction in tariffs, whilst

I have always voted against the imposition of high tariffs, I must again reiterate that in my opinion tariffs are not the cause of unemployment either here or in other parts of the world. If tariffs really affected unemployment we would not have been faced with the conditions which followed subsequent to the debacle of 1929. In other parts of the world where low tariffs or practically free trade is in effect we find exactly the same conditions prevailing as are now prevailing in the Dominion of Canada. If we are going to deal with the problem of unemployment we must get beyond tariffs and consider it in a more fundamental way.

I should like the leader of the opposition to have stated a little more fully just what he meant by a central bank. It was very difficult for me to follow his meaning because in one part of his speech he condemned public ownership and in another part he came out in favour of public ownership. When he refers to a central bank I am just wondering whether he means a central bank owned and controlled by the government or a central bank owned and controlled by the other banks in Canada. With a banking institution owned and controlled by the existing banks I am afraid we would be no better off and perhaps a little worse off than we are at the present time. An investment control board is of very little interest to the 800,000 unemployed and in dealing with the question of interest and taxation the leader of the opposition was not very explicit in stating how he was going to bring these things about. In criticizing the programs of those who sit in this corner of the house the right hon. gentleman always wants to know how things are going to be done and who is going to do them.

The right hon. gentleman nailed the flag of Gladstonian liberalism to the mast of the Liberal party of Canada, but I am just wondering whether the Liberal party of 1933 will care to fly the flag of Gladstonian liberalism of the last century. They may not be aware of the fact, but a great many things have happened during the past sixty or seventy years. No doubt liberalism has performed many important functions in history. It fought for liberty, for free speech and for freedom of assembly, all of which is to the credit of the Liberal party. But there are other factors in the life of this party which are not quite as creditable. During the development of the industrial life of Great Britain we find that such great leaders as Cobden and Bright fought many remedial measures brought forward to relieve the great masses of the people. I am just wondering whether that era of free competition and of the absolute liberty of the individual to be exploited to the very limit is to be considered as one of the ideals which the Liberal party is holding out to the people of Canada in the year 1933?

[Mr. Heaps.]

The leader of the opposition quoted extensively from Lord Morley's Life of Gladstone, and he even went so far as to quote from the Earl of Oxford. When the right hon. gentleman spoke of the change of heart that was needed and coupled his remarks with the Earl of Oxford, I felt he was almost inclined to join the Oxford group. I should like to quote briefly from the history of liberalism, so far as Great Britain is concerned, and how it dealt with certain economic conditions. Perhaps I may be pardoned for making a brief quotation because it is very rarely that I quote the statements of anyone else. The following is from a book entitled "The Industrial Revolution of the Eighteenth Century in England" by Arnold Toynbee. I quote from a speech he made at Newcastle in 1882, as follows:

> The new poor law was based upon a recognition of the principle that the poor had a right to relief from the state, a doctrine attacked by the radicals, but which others say has saved England from revolution; and our factory acts are also socialism. They interfere to protect the weak, and not only women and children but also men, regulating not only the sanitary conditions of factories but also the working hours.
>
> Now, who really initiated these movements, and who opposed them? Robert Owen was the founder of cooperation, and let us be candid and confess that the radicals of that time derided it. The same was the fact as regards trades unions. The radicals had an exclusive belief in individual enterprise, and these movements they considered as infringements upon individual right. As an instance, Richard Cobden spoke very strongly against trades unions as likely to become tyrannous. These are his words: "Depend upon it, nothing can be got by fraternizing with trade unions."

I wonder if there is any difference in the liberalism of to-day? He continues:

> "They are founded upon principles of brutal tyranny and monopoly. I would rather live under a Dey of Algiers than a trades committee!"
>
> Doctor Arnold called them "gangs of conspirators"; but while some at home have thus condemned them as agents of revolution, foreign writers, like Lange and Brentano, have hailed them as averters of revolution.

I am pointing this out, so that when one is taking credit for past achievements, we may not forget that there is another side to the story, and that when the Liberal party here do follow liberal principles, they will be the best and not the worst.

The fifth clause in the fourteen points of the leader of the opposition dealt with finding markets as a means of alleviating unemploy-

ment. It is the easiest thing in the world to speak of finding markets as an outlet for our exportable surplus. But since the days of Gladstonian liberalism, a great change has come over the world. Every country in the world instead of being on an importing basis is practically on an exporting basis, and instead of encouraging importations, is creating trade barriers against other countries. So we find that we have reached more or less of a deadlock in world export trade, not so much on account of tariffs as on account of our ever-increasing productivity resulting from machine production and other methods of speeding up the industrial life of the community.

In order that we may get rid of our exportable surplus we must take into account not only the possibility of increasing our export trade, but the fact that we have in this country 800,000 people who are out of work, a vast potential consuming element in our community which has not at present the opportunity of consuming the goods which we now produce. As I have often before said in the house, if China, Japan, Germany, France or any other country in the world is unable to purchase the surplus commodities that we have in abundance, that is no excuse why our own people should have to go without the essentials of life. There can be no real flow of commerce between nation and nation until we can establish the purchasing power of the great masses of our people.

May I deal with the reference made by the leader of the opposition to the reward of industry? In that connection he put industry into four categories: first, capital; second, labour; third, managerial ability, and, fourth, the community. I do not know whether I am putting them in exactly the order in which they were mentioned, but that is not important. There is a little confusion in the use of the terms: labour community and managerial ability; they are all part of the same thing. Is labour not part of the community and is managerial ability not also part of it? But capital is in an entirely different category from either labour, managerial ability or the community, because capital extracts something from the community, which I believe it has not the right to do, especially in the manner in which it is doing it at the present time. We are told of course that the rewards should go to those four elements that are part and parcel of the industrial life of the community. In what proportion we have not been told, whether capital should have the major portion or labour or managerial ability or the community should have it. In our industrial life there are really only two elements: first, capital, and second labour, and labour represents the major proportion of the community. But when the leader of the opposition propounds the theory that those four elements must be maintained and particularly that capital must be upheld in all its present sacredness, then I am bound to take issue with him, because, under our existing economic conditions, there is to-day no security for either the individual or the community. The man who works has no security in life and even the man who owns capital has no security with regard to it. While the leader of the opposition was speaking the other day, I interjected that even to-day capital is disappearing. We find at present not through any agitation carried on by any particular individual or group, in this house or outside, capital is rapidly disappearing. When we observe the drop in the value of shares and stocks and when we further see that large blocks of property of one kind or another have ceased almost to have an exchange value, we realize how rapidly capital is at this time disappearing.

Then we were told about the reward of service. We are told that we can reward service only by dangling some kind of bait in front of the individual. If he will perform a useful function or work a little harder, he is to have a reward in the way of a little more money for his services. I have dealt with that on more than one occasion in the house. It is the old story of climbing to the top of the ladder where one obtains the reward, forgetting there may be a few hundred others suffering on the lower rungs. We were told in school the story of Napoleon, how every private carried a filed marshal's baton in his knapsack. I wonder, if everybody became a field marshal, where would be the privates to do the fighting?

But perhaps one of the most remarkable parts of the address, a very able one, by the way, of the leader of the opposition, was in regard to the Cooperative Commonwealth Federation taking advantage of the present unrest in this country. The right hon. gentleman is a student of history; I am sure he has read a great deal along that line and he must know as well as does any other hon. member that in times of unrest, and change, new movements come into being. The C.C.F. is no more responsible for present conditions in Canada than for the Chartist movement which came into being in Great Britain about a hundred years ago. A new movement has come into being in Canada not because the movement created the unrest, but because the unrest created the movement. It was conditions in Great Britain that created the Chartist movement and the Chartist move-

ment did not create the conditions. I can go back into British history and quote dozens and dozens of similar instances. It might be interesting if at this moment I referred to what the Chartists requested just about one hundred years ago in Great Britain. They requested: first, universal suffrage; second, equal electoral districts; third, vote by ballot; fourth, annual parliaments; fifth, no other qualification for member of parliament than choice of electors, and sixth, members of parliament to be paid for their services. A hundred years ago men were actually thrust into gaol for daring to demand or even request those conditions which I have just enumerated, and I presume fifty years from now the platform of the Cooperative Commonwealth Federation will be quite as antiquated as that of the Chartist movement of one hundred years ago.

In the course of the remarks of the leader of the opposition in regard to the new liberalism in Canada, we were told that it stands for a more equal distribution of the wealth of the country. I am quite in accord with that sentiment.

Mr. GARLAND (Bow River): What about the constitution?

Mr. HEAPS: The hon. member for Bow River wants to know what about the constitution? I have not posed as a constitutional expert, but I presume we shall find ways and means, when the time arrives and people demand changes, of overcoming these constitutional difficulties.

But I should like to speak not of liberalism in the abstract as enunciated by some hon. members, but of its actual practice in Canada, and to see what it did in 1927, 1928 and 1929, when it had an opportunity of bringing about a more equal distribution of wealth. In the years 1927 and 1928, when there were surpluses of revenue in Canada, what did hon. members to the right of me do? The first thing they did was to reduce the taxes of those who least required the reduction. In other words, in the years 1927, 1928 and 1929, when there was a large surplus revenue, and when we in this corner of the house along with other hon. members were requesting a minimum of $100 a month for able bodied men employed by the government, the income tax in Canada was reduced to a considerable extent. But when we asked for the minimum of $100 a month we were told that the government could not possibly see its way clear to accept our suggestion. I should like to have seen that more equal distribution of wealth, about which we hear so much talk, brought about in the years 1927, 1928 and 1929, when there were surpluses in the dominion exchequer. I should like to know, further, how the Liberal party intends to bring a more equal distribution into being. I say, Mr. Speaker, that it cannot be done unless wealth is taken away from the people who have it. Unless we are prepared to take away part of the wealth which flows to the possession of the few in order to effect a more equal distribution, I do not see how it can possibly be done.

But the Liberal party still maintains that profits have to be made and dividends have to be paid in connection with all kinds of enterprises, good and bad. If that is to be the case, I do not see how we will be able to bring about a better distribution of the wealth we produce. My right hon. friend was heartily in favour of cooperation; he believed it was a good thing. Yet he believes that private enterprises are worthy projects. I do not believe the two can go hand in hand; we have to accept either one or the other. As Lincoln said during the time of the Civil war, when there was an attempt to free the coloured population from chattel slavery, the United States could not exist half slave and half free. So at the present time we in Canada, or people in any other part of the world, cannot exist under a system half cooperative and half competitive. Ultimately we have to accept either one or the other.

I am in favour of cooperation, because I believe ultimately it will bring into being in Canada a cooperative commonwealth. There seems to be in the Liberal party a strong feeling in favour of unemployment insurance as one of the remedies to deal with unemployment. Mr. Speaker, nobody in this house has spoken more often than I have concerning unemployment insurance, and no hon. member has brought forward more resolutions dealing with this important matter. In 1926 the matter was dealt with; in 1927 I had a resolution on the order paper, again in 1928 and again in 1929. Even since the present government took office I have asked that a scheme of unemployment insurance be made part of the constitution of our dominion. And the Liberal party is again telling the people of Canada that they are in favour of an unemployment insurance plan.

Mr. Speaker, for the first time I put this claim before the house, although on other occasions and in other places, I have made similar statements, that at the present time within the confines of the existing capitalistic structure we cannot take care of our unemployed by a scheme of unemployment insurance. I believe it would be well for us to face the facts. An unemployment insurance scheme

to take care of 750,000 people out of work, on a basis of benefits for forty weeks in a year, at $7.50 a week, would cost $225,000,000 per year. While I wish to see the unemployed cared for, at this particular moment I have no desire to hold out any false hope that within the confines of the existing system we could possibly have a system of unemployment insurance which could take care of the three-quarters of a million people who are out of work at the present time.

I am anxious to see the beginning of a system of unemployment insurance; I am anxious to see one inaugurated. The question arises however, that if our present army of unemployed in Canada remains permanent, we must look beyond a scheme of unemployment insurance to take care of the situation. As I have said in this house on many previous occasions, one way effectively to deal with the unemployment problem is by effecting a more equal distribution of wealth produced, and in my view that distribution of wealth can be brought about in many ways. First of all I believe we ought to have a considerable reduction in the number of working hours. I believe there is sufficient labour obtainable in this country to maintain all its population at a fairly high standard of living, and if every able-bodied person were usefully employed all our requirements could be more than satisfied with, at the most, a thirty-hour week.

In order to solve our unemployment difficulties we must not be content with a dole of $7 or $8 a week. On the contrary we must provide work for the men out of employment, and to provide that work we must operate on a scientific basis. If we do it on a scientific basis, the only way we can act, so that we will not glut our market, is to provide each man with a five or six-hour day, and have all our population able to work, usefully and gainfully employed to satisfy the needs of our people. Then, secondly, there has to be some relation between what a man receives as a result of his labour and that which he produces. For, if to-day a man is working and receives only about twenty per cent of that which he produces, the balance, in one form of profits or another, goes somewhere else. Therefore we must have a reasonable balance between production and consumption. In order to have that we must have some form of regulated planning in the industrial life of the community which to-day we have not. To-day the industrial life of Canada is more or less stagnant. If we are to bring about the conditions I have outlined it means that to a much greater extent than it is now doing the state must regulate or control our industrial life.

It would appear that hon. members on both sides of the house are not so much afraid of such regulation, because within the past few days there has been introduced some legislation unique in its character. We are about to regulate one of the largest industries in the Dominion of Canada, representing an investment of about two billion dollars. In this instance we have the state stepping in and saying to the railways, "We will legislate in the interests of the railway situation of the Dominion of Canada." I am not for a moment stating that such legislation is of the right and proper kind—far be it from me to say so. What I am saying is, that parliament is stepping in and considering matters affecting one of the largest industrial establishments in Canada, and is saying, "You cannot run your business in a proper way; we have to step in in order to save your industry." If in the case of railways we can do that, is there any logical reason why the same action could not be taken with regard to any other portion of our industrial life?

I know that only a few days ago hon. members in this corner of the house were asked who was going to do the regulating, and who was going to run the industries. Of course I did not attach a great deal of importance to the question. I remember a somewhat similar question in 1930; we were asked who was going to the Imperial conference. To-day we are asked who would run the industrial life of the country, if those who advocate the policies of the group in this corner came into power. I would say that the very same men and women running the industries to-day would continue to run them, if we assumed control. The men would still go down in the mines and bring out the coal and other valuable mineral deposits, they would still be working on the farms, the cars would still run and the industrial life of the country would still go on, perhaps even better than at present, because the rewards for industry would be completely different. The men would be interested in industry, not only for what they put into it but also for what they got out of it as well. At present they get only a mere pittance. A man may have been working in a workshop or factory or mine for five or ten or twenty years, at the end what has he obtained? The results speak for themselves. At the present time we find some 800,000 men who have given valuable service to the community, walking the streets unable to find employment. And I can safely say that a fairly large percentage of those men will never be reabsorbed into industry or their former vocations. What are we going to do about it?

The answer I must say is not to be found in any of the fourteen points enunciated here on Monday last. It is not be found even in the policies of the government. We have to go much deeper to find a remedy for the existing conditions. Parliament has a very great responsibility. It is of no use for any hon. member to tell the people that they have got to undergo a change of heart before we can do anything. That is not much of a solution to offer to men and women out of work. That will not satisfy the 1,300,000 who to-day are on public relief. A change of heart is very good, is a fine sentiment, but I think in dealing with this question we have also to use our heads. We were sent to parliament to remedy these conditions. In 1930 the people sent the members back to this house because unemployment at that time was the most important question facing them. Since then it has greatly increased, I believe it is four times as serious to-day as it was in 1930. What are we doing about it? I observe the lack of interest shown by a great many hon. members, but when I think of the hundreds of thousands who to-day are looking to this parliament as a means of alleviating the prevailing conditions, I say we have a great responsibility resting upon us. We are here representing, each in our own way, our particular constituencies. To say that we can do nothing, that we have to wait until prosperity comes back is no way to deal with this great and very serious question. In my opinion there is only one body competent to deal with the unemployment problem in Canada in a comprehensive way, that is this Dominion parliament. I know that constitutional questions and difficulties arise, but I am satisfied that these difficulties can be overcome if there is the will to overcome them. As we overcame constitutional difficulties in regard to old age pensions in 1926 so we can overcome the constitutional difficulties in regard to unemployment.

If we are going to deal with this problem in a fundamental way there are two avenues of attack: first there has to be a radical reduction in hours of labour, we must get away from the eight hour day to a day of six or five hours; secondly a much larger share of the product of labour must go to those who toil. At present far too large a proportion of the wealth produced goes to those who neither toil nor spin, while the men and women who are performing useful service in the community have barely sufficient to eke out an ordinary existence. Therefore if I may in conclusion speak directly to the Minister of Labour on this question, while I appreciate the efforts the government have made in dealing with direct relief, while I understand the difficulties they are bound to encounter in attempting to feed the vast numbers of people who to-day unfortunately are dependent on public relief, I would far rather see the government attempt to deal with the unemployment situation not only as a matter of alleviating immediate distress but from the point of view of getting rid of this canker in our midst so that we shall not have to come here another year and still have a million or a million and a half obtaining relief from the government. There is nothing more demoralizing to the individual, after a time, than for him to become the recipient of public relief. I hate to think that one out of seven of our population at present is unfortunately bound to accept such relief. If we are going to maintain the moral fibre of our people and build up a strong manhood and womanhood, we have got to do away with this relief situation and put men and women to work in useful capacities so that they may become self-supporting and useful citizens of this dominion.

[Mr. Heaps.]

Mr. J. P. HOWDEN (St. Boniface): Mr. Speaker, the debate on this resolution has pretty well resolved itself into a debate on unemployment. There is no topic before the people of this country or of the American continent to-day which is of such absorbing interest as that of unemployment, and the various measures adopted for its relief. The present government was returned to office on the undertaking of its leader to cure unemployment and thereby remove the evil which requires these extensive relief measures. I have not risen on this occasion to criticize the government. I would merely point out certain conditions with respect to the community which has honoured me with its confidence. One might say in passing, however, that so far from unemployment having been relieved, the evil has increased in this country so that from having a little over 100,000 unemployed in 1930 we now have more than 1,000,000. At the last session it was my privilege to make a speech on unemployment, and since my ideas have not changed in the interim I have no desire to repeat the remarks I made on that occasion. I only say that the measures instituted by the government to relieve unemployment have failed. In the last federal campaign the present government accepted responsibility for the cure of unemployment. On accepting office they instituted a three way responsibility, with the provinces and the various municipalities, for the relief

of the unemployed. Whether or not the provinces and municipalities were consulted they viewed this measure with a good deal of dismay, and have now fallen down in some instances. I believe that the western provinces are not able to carry the burden of relief, and certainly the municipalities are in a much poorer condition. For this reason I have risen to point out the conditions which obtain in the municipality from which I come, that is the municipality of St. Boniface. It is not a very big city, but it dates back in its origin to the same time as the city of Winnipeg. Early in the last century about 1817, I think, a priest who afterwards became Monseigneur Provencher arrived on the east side of the Red river opposite Fort Garry. The city of St. Boniface, which is the centre of the constituency of St. Boniface, dates from that time.

The people of this little city are in rather a bad situation at this time. Recently I have had several communications from them, and on their part I desire to place these communications on Hansard so that certainly they will be before the government and the house. I have in my hand a letter from the mayor of St. Boniface, Mr. F. H. Dowse. He says:

Dear Doctor:

I have not up to this time, noon, received any reply to my telegram to you of the 15th nor to that directed to the Minister of Finance on the same date, a copy of which I annex hereto for your information.

I may state that if something is not done in the course of a few days towards assisting us for relief purposes we shall have to call upon the Manitoba government for police protection, as the merchants cannot possibly continue to advance further relief.

Since wiring you and the Minister of Finance, it is only through the cooperation of some of the wholesalers who have agreed to supply some of the retailers for a few days longer that we have been able to carry on.

As stated in my telegram to the Hon. Mr. Rhodes, we have exhausted every avenue to avoid the trouble that will surely arise immediately merchants discontinue to supply goods. I understand that the same situation exists in Transcona, where trouble is expected any time now, but you will no doubt agree with me that it will be much more serious and difficult of control if it started here, by reason of our close proximity to Winnipeg. I, therefore, cannot too strongly urge you and, through you, the authorities in Ottawa to take cognizance of the very serious situation which confronts us and which in no time might develop and become beyond control even with the assistance of the Royal Canadian Mounted Police.

Will you kindly, therefore, use your best endeavours to impress the authorities with the seriousness and urgency of our situation and wire result.

The telegram sent to the Minister of Finance reads as follows:

Hon. E. N. Rhodes,
Minister of Finance,
House of Commons,
Ottawa.

Following telegram from Hon. Mr. Gordon stating referred matter of relief loans to you have been in consultation with Banque Canadienne Nationale and provincial government. Require twenty-four thousand dollars over amounts due from Dominion government. Provincial government state necessary to pass enabling legislation and sell bonds before amount available. Bank will not advance funds unless Dominion government guarantee to pay same in case provincial government do not pay amount within two months. Only one merchant willing to supply goods for relief without cash payment and only for limited period. Have every reason to expect trouble unless relief can be continued. City council have done everything possible to postpone this. If Dominion government will give undertaking asked for by bank would ask you to advise me by wire and advise general manager of bank in Montreal.

F. H. Dowse,
Mayor of St. Boniface.

About the next day I received from Transcona, the only other community of any size in the constituency of St. Boniface, this telegram:

The unemployed of Transcona are desirous of bringing to your attention the deplorable conditions existing in Transcona for the unemployed scale of relief. Very inadequate clothing. No clothing for women, children, and very little for men. Quality very poor for sub-zero weather. Medical attention practically nil. Fuel poplar wood of very poor quality. Very unsuitable for winter use in Manitoba. We are drawing your attention to these conditions to bring before federal house if you deem it advisable.

I have been among these people within the last few months and to be honest I must say that I do not believe conditions are quite as bad as they are reported. I do believe, however, that they are far from good and that there is a great deal of suffering and destitution in those two localities as well as a great many others in the province of Manitoba. The point I want to make, however, and I think it is perfectly fair to state it in this way, it this: The Dominion government has assumed responsibility for the cure of unemployment. I think the Dominion government has made a very generous arrangement, but unfortunately it is not reaching the people; it is not getting home to them. I believe that the responsibility of this government is not fulfilled until it sees to it that these measures become fully effective. Steps should be taken to ascertain who is falling down on the job, and the matter should be taken in hand immediately. This situation should be

cleared up so that relief measures may reach the people they are intended to help.

I need not labour that point at greater length. There has been some mention made of medical services, and some contradictory remarks have been advanced in this regard. I might say that the Lieutenant Governor of Ontario approved an order in council dated September 19, 1932, clause 9 of which reads:

> The expression "direct relief" in this order in council means food, fuel, clothing including footwear, shelter, medical services and medical supplies.

That is to say, in their measures for relief the province of Ontario have included medical relief and medical supplies. Clause 11 of the order in council reads:

> Payment for medical services shall not exceed one-half of the standard medical charges existing in the municipality or locality.

I mention this merely to show that the province of Ontario has included medical relief in its general relief measures.

Mr. COTNAM: Is the hon. member aware that the province of Ontario assumes full responsibility for this medical attention? I understand that it pays the entire cost.

Mr. HOWDEN: I was not aware of that fact, but clause 8 of this order in council reads:

> In territory where no municipal government exists the minister may provide for the payment by the province of fifty per cent of the expenditures to be made by the province for direct relief, in addition to fifty per cent thereof to be paid by the dominion.

Mr. GORDON: Would the hon. member permit me an interjection? What the hon. member for North Renfrew (Mr. Cotnam) says is quite correct with respect to Ontario and the other provinces. Undoubtedly the province of Ontario did pass the order in council just referred to, but the province asumes the total cost of medical relief, and the dominion as yet has not taken any steps.

Mr. HOWDEN: I take it that the government of Ontario has assumed the entire burden of the relief measures in that province, because they have now seen fit to include medical relief among their other measures. However, I am not particularly concerned with what they have done in Ontario; I think it is very excellent action on their part. What I do rise to say is that the province of Manitoba has apparently not been able to go so far in its relief measures. May I here make this observation. For the last three sessions in this house there has been brought up a resolution with respect to medical relief for the people. It was my privilege to initiate two of these resolutions, and I may tell you quite frankly that on those occasions I was really thinking about the people who needed relief throughout the length and breadth of the country. It was then and still is my opinion that the people in the outlying districts have not been supplied with that medical attention to which they are entitled as citizens. I realized that so far as the cities were concerned the people in a good many instances were over-supplied with medical relief and that those who went to hospitals and what not received the best attention regularly. But there was another class, the middle class, who did not wish to accept ordinary ward hospital attention, charity if you like, and such people found the cost of medical service very heavy indeed, so much so that it was almost intolerable. That was the gist of my remarks on those former occasions.

To-day, however, I am not thinking quite so much about the people in the back districts or about the people generally; I am thinking about the medical men. I stand here and say without hesitation that a great many medical men in Manitoba—I cannot speak for the rest of Canada but I can for a great many of the medical men in that province—are in desperate straits. I say that without any hesitation at all. Perhaps I may be permitted to follow the course of events in Winnipeg and in that adjacent country with regard to this matter. In 1931 the medical men of Winnipeg, realizing that they were receiving very little in the way of fees and that times were getting quite bad, met and appointed a medical relief committee to consider this matter, the lack of fees and the smallness of revenue from their work. After a thorough discussion of the matter it was decided that they would not do anything for a few months or for a year or so and the matter was left in abeyance until 1932. In 1932, with the knowledge that the hon. the Minister of the Interior was going to be in Manitoba in December, the relief committee met and asked for permission to interview him. He gave them an audience on that occasion and they then presented their views.

There is nothing special about the claims they made. They pointed out that medical attendance had to be given; when a patient is sick and calls a medical man, that doctor is in honour and in duty bound to render attendance. May I just read one or two remarks in this connection:

Dr. Gunn pointed out that the province of Ontario had voluntarily brought forward a

scheme which had been accepted by the profession on a fee basis of fifty per cent of normal.

Dr. MacKenzie realized that health was the responsibility of the municipality, the city or the province, but the municipality having no money, the city having no money, and the provincial government having no money, to what authority were we to turn?

And so they were turning to the Dominion government. The minister on that occasion replied to them in these words:

The medical profession have taken a just pride in the noble traditions handed down by their profession from generation to generation, that the sick poor shall always be taken care of. At a time like this, when the country is in financial stress, when the country needs your help, is it too much to ask you gentlemen to each undertake three visits per day to the sick on relief, and would this not take care of the whole problem?

I may say that the Minister of the Interior had a very limited idea of the demands that are being made on medical men in that part of the country, if their work can be compared in the least to my own when I am at home, because I can assure you that I am called upon to make, not three relief calls a day but sometimes nearly twenty.

Mr. COTNAM: Medical men are working all day on relief.

Mr. HOWDEN: The hon. member has put it correctly. There are not many fees going these days, I can assure you of that. An hon. member near me says that they will have to put the physicians on direct relief. Well, I have no doubt at all that they will have to put a good many physicians on direct relief in Manitoba before very long, if some way is not found to come to their assistance in a reasonable and honourable manner.

I might further state that the profession met the premier of Manitoba in regard to this matter. I will not delay the house with the various aspects of the subject put forward; I will just recite what has to do with the premier of that province:

Mr. Bracken, having suggested he might divide his government's surplus this year with the doctors, proceeded to compliment the speakers. He pointed out that the general policy followed in the last two or three years was that no one should make any profits from money spent by the government on relief. He instanced the central clothing depot. The state however should not expect any class of the community to contribute to its services. "Theoretically," he said, "you have a good case. Practically, we do not know where we get off at. The government is spending $2,000,000 per annum more than it is receiving, and if the province is to contribute the added million, the deficit is going to be $3,000,000. (The added million referred to is the difference in the amount of free work done by the profession in 1929 and the estimated figure for 1933.) This however does not absolve the government from the responsibility of facing the problem. You are advocating state medicine. Have you a specific proposal?"

Dr. Moorhead answered that we had not, that we were endeavouring at this time to have the principle accepted, and, that accomplished, it should not be difficult to plan an acceptable scheme in detail.

The reason I bring this matter before the house at the present time is that these men have asked me to present it to the federal authorities because, as an hon. member to my right has said, if something is not done in the way of providing some reasonable compensation for the medical men of the city of Winnipeg and the province of Manitoba, they will be upon direct relief before very long. It would seem that this government has made a generous enough arrangement with the provinces and the municipalities but I do not know whether it has taken into consideration the fact that the provinces and the municipalities are very limited in their ability and right to collect taxes. With a population gradually being absorbed into the ranks of the unemployed, the possible revenue for the municipalities and the provinces is disappearing very rapidly. Since this government in the last federal campaign accepted the entire responsibility for curing unemployment, I submit it is up to them to see that measures are initiated by which relief will be provided to these various citizens whom I have mentioned this afternoon.

Mr. EUSEBE ROBERGE (Megantic) (Translation): Mr. Speaker, I have already, in the past, protested against the principle of granting to the government a blank cheque to spend the amounts it pleased where it thought proper and the way it judged best. Experience has taught us that such funds were not distributed equitably among the various provinces and still less among our people. I shall prove to the house how true is my contention.

On November 4, 1932, I had the following questions placed on the order paper:

What amount has the federal government disbursed as direct relief without the provinces or municipalities making any contribution, during the years 1930, 1931, 1932, in: (a) Ontario; (b) Manitoba; (c) Saskatchewan; (d) Alberta; (e) the Yukon Territory; (f) New Brunswick; (g) Nova Scotia; (h) Prince Edward Island; (i) Quebec?

Three days later, on November 7, 1932, I received the following reply from the Minister of Labour:

(a) Ontario—$600 in 1931; (b) Manitoba—nil; (c) Saskatchewan—$3,451,408.19, from September 24, 1931 to June 30, 1932 for sections affected by drought in Saskatchewan; (d) Alberta—nil; (e) Yukon Territory—nil; (f) New Brunswick—nil; (g) Nova Scotia—nil; (h) Prince Edward Island—nil; (i) Quebec—nil.

As you see, sir, the funds expended as direct assistance without the assistance given by the provinces and municipalities was distributed unfairly and in a very provoking way for the provinces which were neglected. Because the right hon. Prime Minister (Mr. Bennett) hails from the west, he has no right to give everything to Saskatchewan to the detriment of the others. I am not opposed to helping destitute families of Saskatchewan, providing that Quebec and the other provinces receive their quota.

But, sir, in all provinces there are, to-day, towns and villages where destitute people are as much in need of direct assistance as the people of Saskatchewan.

According to the figures which I have just given the house, the government has distributed in direct assistance throughout Canada the sum of $4,051,408.48. Out of this amount $3,451,408.10 was expended in Saskatchewan; $600 in Ontario and nothing in Quebec. Moreover, the government granted a bonus of 5 cents per bushel of wheat exported, this means that the western provinces received a bonus for their wheat of $12,720,121, in addition to $3,451,408.10 as direct assistance taking no account of the assistance given by the provinces and municipalities, namely a total of $16,171,529.10 which one western province received.

The way direct assistance was given to Saskatchewan was unfair and very provoking to Manitoba and Alberta which are neighbouring provinces and must have had, at times, as many unemployed and farmers whose crops also failed.

Was the government more generous to this province in order to reward the Prime Minister of Saskatchewan for having suppressed French in a number of schools or again because it waged an unrelenting war upon the Catholic institutions teaching French in that province. The government did not distribute a cent as direct assistance in Quebec without the province or municipalities supplying their quota, as I have described.

A special grant was requested for maple sugar. You may rest assured, sir, that our farmers in Quebec had as much right to a bonus for their sugar as the people in the west for their wheat.

The western farmers can sell their wheat at the same price as the United States farmers can sell theirs, while our farmers cannot market their maple sugar at the same price as the United States farmers, because there is an 8 cents duty per pound, this means that the maple sugar makers in the United States are selling, this year, their sugar thrice the price of that of the Quebec sugar makers. This proves that had the government wished to be fair towards Quebec, it would have granted the bonus requested just as a similar bonus was granted to the west for their wheat.

Mr. Speaker, I think the house was wrong in not adopting the resolution moved recently by the hon. member for Antigonish-Guysborough (Mr. Duff), requesting a reciprocal treaty with the United States, as proves the following dispatch which appeared in the Soleil in Quebec, on February 28, 1933:

Tariff Against Canadian Maple Sugar and Syrup Products Appealed for in the House

Washington, Feb. 27 (A.P.).—An appeal for a higher tariff on maple syrup and sugar to protect Vermont farmers from competition from Canada has been made in the United States House by representative Gibson, Republican, Vermont.

The principal competition, Gibson said, comes from Canada where sugar is produced at a cost much lower than is possible in this country. Importation from Canada has increased from about 2,000,000 pounds in 1923 to over 10,000,000 pounds annually and this has resulted in driving many farmers out of sugar producing. Less than 60 per cent of our maple trees are now in use and many splendid orchards have been sacrificed to lumber. Gibson blamed tobacco growers for the difficulties of the maple sugar producers in his state.

Gibson said it cost $1.21 to produce a gallon of maple syrup in Vermont while a gallon produced in Canada, with the tariff added, can sell in the United States for 88 cents.

Through the Vermont Maple Co-operative Inc. financing by local banks and the Federal Intermediate Credit Bank, Gibson said, the Vermont producers had kept the business on a sound financial basis, but he urged a concerted effort by maple sugar producers to restore the duty on their product. Tobacco companies and other parties interested in lowering maple sugar rates can take care of themselves, he said. The farmers cannot. Help to these farmers means help to agricultural interests of over 20 states and to a crop value that ordinary runs into millions of dollars.

As you can see, sir, the United States farmers, at present, sell their maple sugar thrice the price of that of the Quebec farmers. I think it would have been a boon for our farming classes if the resolution of the hon. member for Antigonish-Guysborough had been adopted.

A bonus was also requested on butter, the answer was the same: No bonus for butter, no bonus for maple sugar. Yet, the government is always ready to grant to the west, at the expense of the east, direct assistance, without the quota of the provinces or municipalities.

We also have a working class in Quebec which, at times, needs direct assistance.

May I mention a small town in my county, Black Lake, which according to the last

census, has still a population of 2,167 souls. In 1930, at the last election, Black Lake had a population of more than 3,000 people, out of that number 400 to 500 people worked in the mines. In July, 1930, during the campaign, the fine pledges of the Prime Minister were repeated there as well as elsewhere; that immediately after his party assumed power all workmen would be given work. What a disappointment for these honest people who, for the last 27 months have been without work.

All the mines in this beautiful little town have been closed since December, 1930. As it was the only industry there not a man has worked in the mines since that date.

Do you not think, sir, that these people had as much right to direct assistance, without the province or municipalities having to supply their quota, than the people in the west? The population of Black Lake had as much right to direct assistance as that of the west and this government did nothing for them. Moreover, the people of that town will be called upon to pay their quota of the money granted as direct assistance to the west, also their quota of taxes levied by the government. As Quebec, itself furnishes nearly one-third of our revenue, her quota for the direct help granted to the west amounts to more than $5,000,000. That is how we are treated in Quebec by the government.

I have, sir, just described, as an instance, the conditions prevailing in a small town of my constituency; you can find almost similar cases in every constituency of Quebec and also throughout the other provinces.

On behalf of the constituents whom I have the privilege of representing in the house, I request direct assistance, without the province or municipalities having to furnish their quota, not only for Black Lake but also for Thetford Mines. Since this government has assumed power work has decreased by 60 per cent and wages by 50 per cent. Consequently, the workmen draw about one-third the wages they earned under the Liberal regime.

As the dominion and provincial governments have encouraged the back to the land movement, in my county, a number of people have settled on new lands, but have not had any crop because they have not cleared sufficient land. If the western farmers have been granted direct assistance, without the help of the province or municipalities, because their crops have failed for a year or two, the new settlers have certainly as much right as them to direct assistance, because it takes three or four years to clear sufficient land to enable them to grow any kind of crop. On their behalf, I therefore request the government to grant them direct assistance just as it was given to the West when their crops failed.

If direct assistance, without the quota of the province or municipalities is fair for one province, why is it not for all the other provinces, who have need of it? The Canadian people would appreciate such a policy.

Because of this injustice to my province and constituency I cannot support this measure, unless the administration is entrusted to more competent men, who will solve the problem and be equally fair to all provinces.

This is, sir, the way the Megantic people have been dealt with, since the patronage was placed in the hands of J. T. Beaudoin, the defeated candidate at the last election, and, by the government since it has been in power.

We find in this morning's Ottawa Journal the following heading:

> Canada's Need is Unity Says McGill Head, National Government is Favoured by Sir Arthur Currie in Address

Such is the heading of a speech delivered—

The DEPUTY SPEAKER (Translation): It is contrary to the rules to read newspaper articles.

Mr. CASGRAIN (Translation): Another ruling!

Mr. ROBERGE (Translation): When the first rumours of a National government spread in 1931, I was against it, and, I am still against it.

Mr. JEAN FRANCOIS POULIOT (Témiscouata) (Translation): Mr. Speaker, the question of relief for the unemployed is certainly one of the most important, if not the most important, that has been submitted to the house. I am pleased to have an opportunity to express the views of my constituents in connection with the work carried out, up to this date, to relieve the unemployed in this country. I regret that the hon. Minister of Labour (Mr Gordon) was unable to submit his measure earlier in the session, because it is important that a decision be arrived at as soon as possible to improve the lot of the unemployed.

What strikes me, sir, in the blank cheque act, is the smoke screen with which the government has surrounded itself to conceal the ways and means to end the crisis. When we inquire from the government—I do not wish to seem more disrespectful towards the hon. minister who is piloting this measure than to his colleagues in the cabinet—we are struck with the fact that often the members of the

government neglect to answer our questions, because they are themselves unaware of the policy they will adopt the next day.

For the last three years, the government has had no satisfactory results to show as regards their policy to relieve the unemployed. Within the last three years, the number of unemployed, instead of decreasing, has greatly increased. Why? Because, when the Prime Minister stated, at the last election, while he was leader of the opposition, that he would put an end to unemployment, he did not take himself seriously, because he was then speaking not as an ordinary mortal being, but as the Anti-Christ; or, if you wish, he was indulging in child's talk, and the people, to-day, regret of having been such dupes as to believe in his pledges.

Just imagine him, sir, proclaiming to the people that he would end unemployment, when the number of unemployed was then about 100,000, while to-day it amounts to 1,300,000, including men, women and children! These figures only refer to those who are receiving the dole. In fact, the number of unemployed is, to-day, in Canada, at least 3,000,000, one third of our population, a fantastic and fabulous figure. Who would have cast his vote in favour of the Conservative party, had he known that the one who promised, in 1930, to put an end to unemployment, has perhaps been indirectly responsible for the enormous increase in the number of unemployed, in such a short while?

May I, sir, for a third, fourth and fifth time, repeat to the hon. Minister of Labour a very simple and humble suggestion, which I made to him each year, and even many times each year: that of classifying the unemployed. How can we put an end to unemployment if we have no knowledege of the field of activities in which the unemployed of to-day previously worked? If we have no knowledge of the number of white shirt unemployed, of those who were railway men, farmers or employed in such and such an industry? As I then stated, it is important that such a classification be made not by federal or provincial government officials or even municipal employees, because each of these public bodies is taxed to relieve unemployment; it should be done by charitable societies such as the St. Vincent de Paul Society, the Salvation Army and the Red Cross. These societies, may at times, blunder, however, they are more impartial than many government employees, both federal and provincial, and even municipal employees.

I again sincerely request the Minister of Labour and beseech him to kindly have a complete classification made, as soon as possible, in order that we may know how many men, women and children there are in this fabulous number of 1,300,000, who depend at present on relief funds from the various governments. We must also know the number of unemployed who do not seek direct assistance from governments, but who are living on their small savings, which they were able to set aside during the years they were fortunate enough to work and earn their bread by the sweat of their brow.

The members would have to be furnished, each week during the session and every fortnight outside of session, with a complete statement of conditions prevailing. Such information is most important. Various interesting publications on agriculture and labour in general, are distributed in our midst, but they do not always contain enough precise and complete information. Members would have to be supplied, by the Labour department, at least every fortnight, with a complete and exact statement, indicating the number of unemployed in each class, whether they are married or not and the number of dependents. All this information is most important. At present, we are completely deprived of such information and were I to inquire from the minister of labour what the number of unemployed in white shirt is, he could no more answer this question this year than he did last year when I put that question to him and which was not impertinent but very pertinent. Were I to inquire from the hon. minister how many persons were employed, in previous years, as help on the farm and who, to-day, have no work could he give me the information? Were I to inquire, for instance, how many carpenters, plumbers and others engaged in the building trade who are, to-day, without work, could he supply the information? Were I to inquire how many clerks there are without work, could he supply the information? How many store, brokers, office clerks have been let out since the crisis began? He would find it very hard to give such information.

Previous to broaching the subject in which I am particularly interested, may I refer, for a moment, to a speech recently delivered by the Prime Minister, at Toronto, in connection with the trans-Canada highway. The project is absurd! It is another absurd dream which one wishes to revive. In fact, what is the necessity for Canada to construct a highway through 700 or 800 miles of rock, where not a soul lives, and to have these poor unemployed work like convicts? It would probably be better to transfer our penitentiaries to those regions, and these convicts would have

to work so hard in those remote parts that their ideas of revolting would be knocked out of them. Moreover, I think it absurd to waste the country's money in building this highway covering a stretch of 700 or 800 miles where no one would travel.

Before continuing my speech in French, I wish to say a few words in English to the minister of Labour as regards the classification of the unemployed which I have just advocated.

Before continuing my remarks in French, may I say a few words in English to the Minister of Labour in regard to the classification of the unemployed? Last year I asked him to classify the unemployed in order that the house might be well posted on the matter and might see to it that something was done for their relief. It is elementary that if we do not know their trade before they became unemployed, we cannot do anything for them. May I again insist upon that? For instance, in the first part of the session we were given figures relating to unemployment not of last year, but of the year before, as of June or July, 1931. Those figures were given to us in the fall of 1932, or more than a year later. Is it possible to do anything for the relief of the unemployed when no one knows what their trade was before they lost their positions?

I shall continue in English for the benefit of the Minister of Labour who, I know, is sympathetically disposed, and I offer some very humble suggestions in order that he may take them into consideration and see to it, if he deems it wise, that something is done. Last fall I had the great honour to address an audience in the church of Rivière Bleue in my county. At that meeting were present His Lordship the Bishop of Rimouski and the Minister of Agriculture of the province of Quebec, Mr. Godbout. Agricultural policies were discussed by many speakers, one of the subjects being the back to the land movement. Is it back to the land? No, it is back to the paternal roof. Generally what happens is that many young men or women who have left the country to go to the city, return to the country in order to find shelter after they have lost their jobs in the city. Then the old father, the farmer, has to receive not only his children, but his daughters-in-law, his sons-in-law and his grandchildren. The country house is not large enough for all those people and, in addition, the father is not receiving a decent return for his farm products. This is why there is a very strong link between agriculture and unemployment; unemployment has an effect upon agriculture, because the agriculturist, the farmer, has to support his relatives and friends who have lost work in the cities.

Last year very little was done by way of direct relief to assist nearly 800,000 unemployed. Each one was fed during one day, each one having three meals from the direct relief source, and one-half of them, or about 400,000, were lodged during one night. The government did not do much for them. What was done for them was done by private charity and most of the people who are at present unemployed are supported, not by this government nor by the provincial governments, but by their own relatives in the rural districts or in the towns. The only good result of the back to the land policy is that it makes country people understand that they are better off living in rural centres than swelling the numbers of unemployed in the cities. That is the only practical result which this policy has brought about. At the Rivière Bleue meeting, in the presence of His Lordship the Bishop of Rimouski and the Minister of Agriculture for the province of Quebec, I submitted the following arguments:

First of all, lots should be classified. In the province of Quebec there are forestry reserves and farm lands. At times, and often, the farm lands are on forestry reserves. Since confederation the right classification between farm lands and forestry reserves has not been observed. Not only that, but some lumber merchants had the right to cut timber from undivided lots in the townships. Then, after the timber was cut a division was made. However, no timber, or very little of it, was left for the farmers who were going to settle at those points. Therefore my first argument is that before anything further is done by way of colonization the townships should be divided as to farm lands and forestry reserves. That division should be made by experts and reliable people.

Secondly, after that classification is made there should be a classification of the would-be settlers. Is it possible to take a man who has been a blacksmith all his life and make a farmer of him? Can we take a clerk from a store, or any other white-collar employee and make a successful farmer of him. Is it possible to do so? To be a farmer one must first have the natural inclination added to which there must be experience. Without that inclination and experience a farmer cannot be successful. Then the settlers receive a sum of money paid jointly by the federal, provincial and municipal governments. They spend that money, and no more is to be given to them. The idea behind the back to the land scheme is that people should

remain on their lands, that those lands should become a national asset, and should be available for the settlers, their children and their grandchildren. Then, first of all after a classification of townships is made we must bring first class farmers with natural inclination and experience to work the farm lands.

What is necessary, besides that? You know, Mr. Chairman, because you represent a rural constituency. We know that roads are necessary. Is it fair to bring settlers to good lots when there are no decent roads leading to them? It is most absurd.

Mr. McINTOSH: There are no railways either.

Mr. POULIOT: Certainly there are no railways; those settlers are miles and miles from railways. They are there in the middle of the forests and have no roads to travel on. The scarcity of highways leads to exploitation of the timber. As the settlers have no good summer roads they make only winter roads, and on those winter roads they do not carry vegetables or products of the land but carry timber. As the price of timber has fallen, their receipts are very small.

In this connection I should like to outline an incident. Last December I was travelling from Quebec to Montreal by way of the Canadian Pacific railway. At Three Rivers I left the train to walk on the station platform. I saw a large crowd congregated. The station was jammed with people. I asked the conductor if there had been any trouble, and his reply was that there were two cars of settlers going to Abitibi or Timiskaming. On that occasion I spoke with those people. They seemed to be a pleasant type of people. Among them were old gentlemen, ladies and children, and I noticed because of their small means or poverty they were dressed in summer clothes. Other than that they seemed to be healthy, a good class of people. My interest was aroused, and I asked them where they were going. Their reply was they were going to Abitibi. I asked concerning their guide, and they told me where to find him. Meeting the guide I asked to what point he was taking the people. His reply was that he was taking them to such and such a township. I asked him if each one had a lot, and his reply was in the affirmative. I said, "Are their camps on those lots?" He said, "No." I said, "Are there roads leading to those lots?" His reply was in the negative. I said. "Do you not realize it is a crime to take those people to the middle of the forest when there are no roads leading to their lots?" He replied, "I admit it is a great mistake, but we expect to have roads by next spring." I told him in very plain French that in my view it was a shame—une honte—under the pretence of giving them lots, to take those poor people without work out to a wilderness where they would have no shelter except that afforded by an old shack. I was told afterwards that they were taken to what is called a hotel. Hon. members will probably realize the kind of hotel there would be in the middle of a forest.

Mr. MERCIER (St. Henri): They were taken to a hotel?

Mr. POULIOT: I am not joking; I am serious, and I am convinced this is a very sad case. This hotel to which I have referred is only a shack where large numbers of men women and children, most of whom are not related, must live together under crowded conditions which are extremely undesirable.

This morning I read a dispatch in a Montreal newspaper from someone who had come from that district telling about the camps. Sir, it is a shame. It is a shame that these people who go out as settlers, in good faith, who go to the wilderness and have to live crowded together in shacks cannot be sure of the fact that next spring there will be roads leading to their lots. I strongly protest. Although to-day, I am not giving to the house the name of the guide to whom I spoke, if within ten days time he does not resign I shall avail myself of another opportunity to give his name to the house, and tell more about him. I give this warning to whom it may concern. In this connection I have no personal motives, but I must say the people whom I met at the station made a very marked impression upon me. It was the first time I had met them, and I will probably never see them again but I think of them a great deal because they seemed to be good Canadians. For that reason I want them to be given proper protection by the authorities.

An investigation has been carried on by that great Quebec paper l'Action Catholique, under the title of "Faut-il ruraliser notre société." That particular publication has given much attention to the settlement problem. But what I found most astounding was that at the end of last year there was a meeting of l'Union Catholique des Cultivateurs at which many matters were discussed. At the time however they did not pay any attention to the great problem of colonization. I acquainted the secretary with the fact of that omission. I was very much surprised that this important body, l'Union Catholique des Cultivateurs, did not pay any attention at its last meeting to that great and important problem of colonization. Lately I read in Le Devoir an interesting article by the president,

but it seems that no person has the courage to tell the truth, namely, that the back to the land scheme is a failure. It has failed because there has been no organization, no foresight and no forethought. The result is that herds of people are sent to colonization districts to live indiscriminately massed together in the wilderness with no help other than the $600 given by the federal, provincial and municipal governments.

Can we expect for one moment that the people will remain on their lands after the money is expended? They must live like animals; in my own county of Temiscouata some settlers during the past summer had to eat grass and roots. Those people must be looked after. We cannot cure the evil simply by changing the points to which the settlers are to be sent.

If I have spoken on this subject to-day it is because I feel my responsibility as a member of parliament, because these people are my fellow countrymen; I love them and I want them to be as happy as Canadians can be. We say the people should remain in the country, and that those who live in the rural districts are fortunate. That may be all very well for people who have no debts, but it does not apply to the farmer who has to pay an instalment of $500 for interest, but who receives only ten cents a pound for his butter and receives only a few cents per bushel for his potatoes. This is no joke; a real problem confronts us and it has to be settled. If my hon. friend the Minister of Labour wants suggestions I am ready to give him some; everyone on this side of the house is ready to offer suggestions. They probably will not all be good, perhaps mine are all wrong, but he needs suggestions. When the Prime Minister says: We rule this country; we have the power to govern; we will do this and we will do that, it is a shame. Why? Because he must take advantage of everything constructive that is said to him by anyone. I will do my duty here as a member of parliament, as anyone does, not more but as much. And if I speak this way to-day in the House of Commons of Canada it is because an evil has to be remedied, and at once. The country cannot be ruled by words. In fact I pay no attention to my language. Language is useful to convey ideas, I offer ideas. Sometimes they are very poorly clothed—not in metaphorical language, not in the king's English; they are plain ideas. I would like them not even to be clothed, I would like them to be naked, but it is a question of something that has to be done, and I offer them in all earnestness and sincerity.

The back to the land scheme is so important that, as I said, the great Quebec paper l'Action Catholique for over a month has published articles from the leading men of church and state in the province of Quebec about the matter. If you read the letter from His Lordship the Bishop of Gaspé, you will find he says that there is no system in the matter of colonization. I have not his exact words, but that is the meaning of what he said. There have been other articles, a very excellent one from the pen of my hon. friend the member for Bellechasse (Mr. Boulanger); the hon. member for Quebec-Montmorency (Mr. Dorion) wrote an article, and people in every class of life have done the same. There was an article from Monseigneur Lapointe, former Vicar General of Chicoutimi. This is the important problem, with all its variations and changes in the different provinces, that has to be carefully studied with cooperation from all. If someone does something wrong, whoever he may be, he must be set back without any pity, without any consideration, without any compassion for the person, because one must act for the public interest and the public good.

Now, sir, may I suggest something else? It is that certain people who are advising the government in the province of Quebec have no qualification at all to do so. They have no experience whatever in colonization and agriculture. They are paid by the Quebec government or by some government to do something and they are not at all qualified to continue their work. As I have told you, I have the admission of one of the guides of those excursions that men and women and children were sent to camps remote in the wilderness, with no roads leading to them. He published a letter himself, after I interviewed him, saying that roads were badly needed for settlers, which is the plain truth. I wonder if those people will have more roads now. Mark you, Mr. Speaker, I do not put the blame for this on the Quebec government any more than I do on the Minister of Labour.

Mr. GORDON: I have nothing whatever to do with where these people go.

Mr. POULIOT: That is all right, but as the federal government subscribes $200 for the settler it is a matter of interest to the Canadian House of Commons and one that it should discuss. If the hon. gentleman says he has nothing to do with it—

Mr. GORDON: No, I said I had nothing whatever to do with the placing of these people on locations in the province of Quebec, or any other province. I have heretofore

had a very high regard for those who are attending to the colonization work in the province of Quebec, and I am amazed at the statement being made.

Mr. LAPOINTE: Are you amazed?

Mr. POULIOT: Well the hon. minister is genial. I do not wish to be discourteous to him; I will tell him that in this matter we should all stick together in order to bring about some real relief. The minister cannot say he has nothing to do with that; if he has nothing to do with it as a minister his interest in it as a Canadian citizen should be equal to mine. I appeal more to the good Canadian citizen that is in him than to the minister. I do not wish to bewilder or amaze him, but I tell him plain fact and I do not put the responsibility upon anyone except those really responsible.

Now let me come back to what I have said already this session. In order to have a good settlement scheme in Quebec—I do not know how the other provinces might manage it—the matter should be left to the Trappist friars, the Clercs de Saint-Viateur and the Oblates. I am sure they would do very well. We are all agreed on the principle; people should go back to the land if they have the natural disposition and the agricultural experience, but they should not be placed on forest reserves; they should be given good farm land. They should not have to find their way through stumps and underbrush; they should be provided with decent roads which they can use to transport their products. A chance should be given the young boys, also. This point was stressed by my hon. friend from Bellechasse, in l'Action Catholique, and I am under the impression that he spoke of it in the house last year. This is a very important point. I do not wish to hurt anyone, but when I speak as I have spoken to-day I do so as a representative of the people. I speak in the public interest and for the sake of my fellow citizens at large, with the hope that my words will be understood in the spirit in which they have been uttered.

Mr. MICHAEL LUCHKOVICH (Vegreville): The point brought out by the last speaker, in connection with putting men from the city on farms, is of interest to me. I agree with him to a certain extent; if those men have had previous experience it is all right, but I do not believe men without experience should be placed on farms. If this is done they will be reduced in a short time to that "ideal" state which the hon. member mentioned, the garden of Eden, bereft of clothes and wearing apparel.

I did not rise, Mr. Speaker, to deal with the back to the land movement; I rose to put myself on record in connection with the unemployment problem. During the last two or three weeks I have received many letters not only from my own constituency but from other parts of Canada asking what is the policy of the present government with regard to farm relief and the unemployment situation. I have received just as many letters asking what is the policy of the new Cooperative Commonwealth Federation party with regard to these same problems. I think the efforts of the government by way of continuing the provisions of the present relief act are highly commendable, but if they expect to do this by a policy of drastic economy their efforts may meet with serious criticism. Last fall I was amazed when the Minister of Labour (Mr. Gordon) told us that there were 800,000 men and women on relief, but just the other day he told us that at present we have 1,375,000 on relief. If this depression lasts much longer, at this rate the number of unemployed will be doubled, then trebled and finally quadrupled, and it will not be long until the great majority of Canadians are either receiving relief or applying for it.

With the situation as it now stands it will become increasingly difficult for the government to finance the relief, and the only solution we seem to have at present is that of drastic economy, in other words the laying off of more people, the reduction in salaries of civil servants and an increase in taxation, such as the sales tax, etc. Such a solution certainly has its limits, and in any case it does not get to the root of the present situation. What then is the remedy? For years this group has advocated substantial alterations in the Finance Act; they have advocated a bank of rediscount, monetary reform, planned economy and a managed currency. After all, the solution of the unemployment problem must be found in the solution of the financial problem, because men all over the world agree to-day that the present depression is due to the breakdown in our financial system.

For some days this house listened to a discussion of the pros and cons of the issue between capitalism and socialization, the leader of the opposition (Mr. Mackenzie King) taking the side of capitalism as against that of socialism. He believes the capitalistic system is all right; that all it needs is to be purged of some of its defects to bring about prosperity and make everything bright again. He considers greed a cause of the depression.

These are very fine words, but they would have been more effective had not the Liberal party succumbed to the greed of Beauharnois and the multiplicity of abuses involved therein. I do not think there is much use talking about greed unless you eliminate the causes of greed, that is, practice what one preaches.

I have suggested that there are two methods which may be adopted in order to solve this problem. One method is that being utilized by the government at the present time; the other is the method this group would apply. In all my six years in this house, Mr. Speaker, I have not heard a debate that evoked such great interest and rapt attention as that which took place upon the resolution sponsored by the hon. member for Winnipeg North Centre (Mr. Woodsworth). While at times the debate on that question smacked of blind hostility on the one hand and fawning adulation on the other, at no time could one detect a lull in the concentrated attention to that very important subject. Now I believe that if that debate had done nothing else than to waken the conscience of hon. members on both sides of the house to a realization that the resources of the country should be utilized for the benefit of the great majority and not for the benefit of the view, it would have done a great deal to alleviate the present situation in Canada. In all our proposals with regard to the depression and with regard to relief of unemployment this group has been likened by people outside to a bumble bee ensconced on the back of an ox, gloating over its performance in helping to plough the fields. I do not know whether that analogy is right or not, but if this group had done nothing else with their proposals than to prod the ox-like lethargy of government on to more action it would have done a great deal to alleviate the condition in Canada as it exists at the present time. If that analogy is true so far as this group is concerned, could not this group with equal justice say that the protagonists of the present system are very much like the polar bear perched on an iceberg that is gradually melting away as it approaches the equator? And possibly that is why many of the protagonists are so angry when reforms of the present system are mentioned, angry when that small piece of ice on which the polar bear is perched is in danger of disappearing beneath him.

I do not agree with members who say that we, in making these proposals, are trying to scuttle the ship. So far as I am concerned personally, I am not trying to scuttle the ship at all; all I am trying to do is to take part in the navigation policy of that ship. That is what I am doing now.

I agree with the remarks made by the hon. member for East Edmonton (Mr. Bury) when he said that a good deal of our troubles emanated from the last war. I believe he made the most effective speech on the other side of the house, so far as argument is concerned. I agree with him; I agree that a lot of our troubles are due to external causes. They are due to war debts, war reparations and the loss of equilibrium in regard to gold, and I also agree with him when he says that our troubles in Canada are due to external difficulties such as the intense economic nationalism that is so prevalent throughout Europe at the present time.

There is going to be an economic conference somewhere in Europe some time this year. I hope the Prime Minister (Mr. Bennett), if he goes there, or if he sends some delegate from Canada to Europe, will do everything in his power to bring about those proper relationships without which Europe cannot have a return to peace—and we cannot have prosperity until we have peace. The war no doubt is responsible for a good deal of the ills from which we suffer in Canada at the present time. But the question then naturally arises: Who started the war? And the inevitable answer no doubt is, trade competition which is an inseparable element of commercial and international capital. So that no matter which way we view the problem the causes can all be traced back to one source.

The hon. member for Weyburn (Mr. Young) mentioned technocracy with reference to this group; he said that we advocated a four hour day and an annual salary of $20,000. I do not know where he gets the authority for that remark but I can assure him that so far as the farmers in my district are concerned, all they want is the right to work, even if it is from sunrise to sunset. But they want this to be in conformity with a decent standard of living and a reasonable price for their products. As regards the three wives he mentioned, one for breakfast, one for dinner and one for supper, that may be his idea of an economic paradise, but I assure him that the farmers in my district are content to have one wife cook all three meals. I wonder how he gets that way.

Mr. YOUNG: From associating with you fellows.

Mr. LUCHKOVICH: Even the Moslem harems have been forced to reduce their personnel, and if things get worse they may be forced to give up their whole pulchritudinous concubinal flock, if not the three meals also.

Among some of the significant things said concerning this group have been objections on the part of hon. members in regard to the proposals put forward from this corner. We have been linked up with communists and socialists. Personally I believe in calling a spade a spade without any circuitous reference or allusions to instruments for purposes of excavating terra firma, or any other high-falutin rhetorics of that kind. I do not think it is necessary for me to-day to distinguish between communism on the one hand and on the other the proposition we have in mind. Enough has been said to prove that this group has absolutely nothing to do with the communistic movement. Even so strong a supporter of the present government as the Ottawa Journal has said that the leader of the C.C.F. group in this corner is not a communist but a socialist.

From the little study I have made of economics and history I have come to the conclusion that, judging from the trend of events and the comments of able minds throughout the world, the present harsh, avaricious, wasteful system that we are trying to employ at the present time to cure this cancer of unemployment must sooner or later give way to a more humane and constructive system of cooperation, without which I do not think we shall ever be able to solve either farm relief or the unemployment situation in Canada. I am quite right, I think, in my contention that what hon. members say on the floor of the house on grounds of political expediency and what they say outside in the lobbies are two different things. I have heard members speak about the dangers of competitive individualism, I have heard them speak about the dangers of socialism, but so far as I am concerned I believe that individualism and socialism will have to meet each other half way. If this depression is prolonged there is no doubt in my mind that within the next decade we will have a government or a system which will be neither capitalism or socialism, it will be some form of state socialism.

I hope hon. members will realize that everything I say upon this subject is said in all sincerity and comes from the depths of my heart. In referring to the lack of patriotism of some of the hon. members in this corner, another hon. gentleman a short time ago quoted some poetry. I believe in the sentiments of the poem he quoted, which was:

> Breathes there the man with soul so dead
> Who never to himself hath said,
> This is my own, my native land!

I have, however, heard those words repeated by the sons and daughters of rich men, the gilded youth of the land; I have heard them repeated by college professors and I have heard them recited in literary circles and by the smug, complacent self-satisfied citizen, but in times like this, when we are faced with the greatest depression in history, I doubt whether these words are uppermost in the minds of our youth of to-day. The lines that most likely run in the minds of the man on the street are as follows:

> Breathes there the workless with soul so dead
> Who never to themselves hath said,
> When do we eat?

It may be all right for the men with large earning power, for the men with great acquisitiveness and the men of ability to uphold a system as it exists to-day, and of which they are the beneficiaries, but when the vast majority of red-blooded boys and girls of Canada are forced upon relief, I wonder who among us will be the gentleman? It may be all right for us to claim that the so-called he-man who has got to the top of the heap, that so-called Tarzan of the north, the man who built our railroads and hewed our forests, that the man who started the wheels of industry humming, should advocate the present system, but in a world of vanishing credit and vanishing purchasing power, in a world of ever lengthening breadlines, I wonder how it is possible to do the things which they advocate. I believe that the extreme individualism with which we are trying to solve the problem of unemployment has within itself the germs of its own destruction. Extreme individualism is a product of the jungle, it is a case of dog eat dog, it is a process of mutual strangulation by means of which, as I have said already, the strongest remains on the top of the heap while the rest must wallow in the depths of degradation.

When we know that such is the case, why do we still continue to live in our fool's paradise, when we must realize how close many of us are to losing our rapidly vanishing pittance and swelling the ranks of the unemployed. I was much interested in the speech of the hon. member for Vancouver Centre (Mr. Mackenzie) and his reference to the banking system under which we in Canada not so many years ago had twenty-five different banks but, because of mergers, this number has now been reduced to nine or ten. In making that statement, either wittingly or unwittingly, he indicated the folly of the present system of individualism being utilized to solve unemployment. It was a virtual confession of failure on the part of those banks being merged, that is, the failure of competitive individualism.

Mr. SPEAKER: The hon. member should confine his remarks to the resolution before the house and should not refer to a debate of this session upon another subject.

Mr. LUCHKOVICH: Mr. Speaker, at the beginning of my speech I said that the method being used to solve the present unemployment problem is one of drastic economy and that unemployment could not be solved by such a method; I stated that in order to solve this problem we must get at the root cause. That is the reason I make a comparison between the system with which the two major parties are attempting to solve the problem and the system with which the group in this corner intends not only to solve unemployment but to bring about prosperity in this dominion. As we are speaking on the principle of the resolution, I think I am adhering to the subject.

I have before me a short article which I think is very pertinent. It involves our flag wavers, the loud patriots. It reads:

All Velvet

The truth is that the only people on this continent who are profiting from the discount off our dollar in New York are a limited number of Canadians themselves. Hundreds, probably tens of thousands, of Canadians hold bonds—the bonds of Canadian municipalities like Calgary—that are payable in either Montreal or Toronto or New York. It is a matter of choice. If these Canadians elected to take payment in either Montreal or Toronto they would be paid in Canadian funds, and the municipality concerned would escape paying a premium. That, however, is not what is happening. What is happening is that the Canadian holders of these bonds are taking either their interest coupons or their maturing bonds to Canadian banks and asking them to send them down to New York to be paid in United States funds. In other words, they are taking the profit of the premium on the American dollar.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. LUCHKOVICH: Mr. Speaker, before recess I was discussing the question of drastic economy as a method of approaching the problem of unemployment. I said that it did not go down to the root of the trouble and that it was therefore ineffective as a method of settling this cancerous growth with which we are to-day confronted in Canada. To settle this question we have to go down to root causes and to do something more fundamental than we are doing at present. Whilst my remarks may at times have bordered on irrelevancy, nevertheless I feel that to speak of unemployment without taking into consideration matters of currency, is impossible. The two go hand in hand; you cannot discuss the one without discussing the other.

I read to the house a quotation in which something was said about Canadians asking that interest on bonds be paid to them in New York funds. If we are to launch out on a policy of drastic economy, nothing of that sort should be allowed in Canada. I think it was Lincoln Steffens who asked Albert Einstein, scientist and philosopher, how he had ever been able to discover anything new, and Mr. Einstein retorted that it was by challenging an axiom. I therefore feel that unless we do a little challenging, so far as our currency system is concerned, we shall not go far in the direction of settling our present ever-growing unemployment problem.

I have heard members mention certain palliatives, such as social legislation, old age pensions, mothers' allowances, unemployment insurance and so forth. These are only palliatives that merely touch the surface; they do not go down to the root of the trouble; by applying them one is merely putting money into one's pocket with one hand and taking it out with the other. I believe, however, in a graduated income tax. If we intend to stick to this policy of drastic economy, a graduated income tax would do a great deal towards increasing the public revenue and would therefore enable us more effectively to carry on unemployment relief. The most fundamental question with which we are faced is that of harmonizing production with distribution, and as we all know, the question of distribution is tied up with that of currency and finance. Just before recess I referred to the remark that greed was largely responsible for the situation in which we now find ourselves and that unless that greed were eliminated from our system, it was not likely we would make any progress, especially in the direction of unemployment relief.

Most members predicate their opposition to the policy of this group with respect to unemployment relief, currency and other matters, on the ground that men's natural acquisitive motives cannot be subordinated to social motives, but I think they can by legislation. If it were not for the legislation we have on our statute books, men would be getting away with more murder and crimes. I see no reason why this house and the government cannot control a certain class of people better known as financial racketeers and make them pay their due share towards defraying the expense of the relief of unemployment and other measures. There is no reason why we cannot

put on the statute books of this country legislation that will curb their activities. I have absolutely nothing against the industrialist,—he is a necessary person in Canada,—who by dint of perseverence, integrity and ability has built up an industry, but I certainly am opposed to a certain class of financial racketeers, who neither weave nor spin nor labour, who by their manipulation of stocks enrich themselves at the expense of industry, yes, in many cases at the cost of the actual bankruptcy thereof. There is no reason why we cannot by legislation curb these individuals and make them pay more than they are paying at the present time towards the cost of unemployment relief.

My time is somewhat limited. I stated at the outset that we in this corner of the house have certain policies which we think would be effective in relieving the present depression and solving the problem of unemployment which now confronts us. There are many who think that we, through lack of homogeneity, are unable to bring about the reforms necessary to the creation of that happy condition I have mentioned. In spite of what has been said about us, we have that homogeneity. It is true we have a leader, the so-called leader of the United Farmers of Alberta, and there is a leader in this group, the leader of the Labour party, but in all essential matters we have the necessary homogeneity, the necessary unity. In all non-essentials we have liberty of action, and we are certainly trying to have charity towards not only each other but other members of the House of Commons. It is possibly true that we are as was pointed out by the member for Comox Alberni (Mr. Neill) like David, that Hebrew of old, who went to the cave of Adullam to escape the wrath of Saul. In those days David was an armour bearer and also a musician. His doings were extolled beyond those of his master, and this made Saul jealous. To escape Saul's jealousy and wrath, David hied to this so-called cave of Adullam. All the oppressed and heavy laden went there, and he formed the nucleus of an army four hundred strong. This grew into a very large army, through the instrumentality of which David was enabled to build up the greatest of the Hebrew kingdoms. Pushing this analogy to its logical conclusion and comparing it with the so-called cave of Adullam on this side of the house, you will agree with me that if we have as much success as David had in his cave of Adullam, it will not be long before this group is leading the way not only in this house but throughout the country.

[Mr. Luchkovich.]

Mr. NEILL: It will be recalled that David was chosen of God. Is there any evidence that the hon. member for Winnipeg North Centre has a halo around him?

Mr. LUCHKOVICH: How can the hon. member say that he is not the chosen of God?

Mr. NEILL: I did not say that.

Mr. LUCHKOVICH: That is the only answer I have for that. It is very hard to visualize the hon. member for Winnipeg North Centre with a saxaphone under one arm and a cannon under the other, but if the analogy is, as I have already said, pushed to its logical conclusion, it may be that some day this group may be performing a very useful function not only in this house but throughout the country.

The question, as I have already indicated, is a financial one; the unemployment problem is connected with that of currency. In order to solve the problem of unemployment we must first solve the currency problem, and that is the one that we in this corner are endeavouring with all the energy we possess to solve.

Mr. HUMPHREY MITCHELL (East Hamilton): Mr. Speaker, I want to make just a few observations on the resolution before the house. This parliament is not unmindful of the fact that we are at present in the third and entering the fourth year of the most intense industrial depression in the history of this dominion. That brings to my mind a news item of recent date I saw in the Toronto Mail and Empire. It is under the heading, Gloomy Picture by Chamberlain, followed by the expressions:

Says it will take ten years to appreciably reduce idle. Churchill shocked.

The text of the article is, in part, as follows:

Neville Chamberlain, Chancellor of the Exchequer, told the House of Commons to-night reduction of unemployment to comparatively small figures could not be anticipated within the next ten years . . . the Chancellor's remark that it would be ten years before unemployment would be reduced to any great extent drew from Winston Churchill, former Conservative Chancellor, a heated rejoinder that such a prospect was "ghastly" and that if this were the government's last word the outlook was very grave and lamentable.

I come from a city with a population of about 160,000. At the present time in that community there are 35,000 men, women and children on relief. I hold in my hand the

report of the relief officer of that city for the week ending February 2, 1933, which reads as follows:

City Relief Department

Relief granted during week ending January 28, 1933

Groceries (orders)	3,932	$25,162 00
Milk (pints)	22,120	1,106 00
(quarts)	26,549	2,389 41
Bread (loaves)	59,832	3,589 92
Coal (orders)	312	1,984 65
Coke (orders)	1,768	8,398 00
Wood (orders)	37	193 10
Shoes (pairs)	1,100	2,774 50
Single men's (pairs)	147	421 85
Shoe repairs	....	263 80
Rentals (cases)	516	4,182 50
Gas (cases)	175	257 45
Lighting (cases)	236	439 71
		$51,162 89

Summary

	No. of families	Amount
1932	4,099	$24,851 85
1933	7,940	51,162 89

Clothing Centre

Cost of clothing	1,502 19

Lion's Club Kitchen

37,114 meals	2,969 12

J. H. McMeneny,
Relief Officer.

Since the issue of this report the figures have increased so that instead of 7,940 families on relief there are at least 8,000 families on relief at the present time.

At this point I should like to draw to the attention of the house a report concerning unemployment relief in Ontario from 1929 to 1932. This report was prepared under the auspices of the honorary chairman W. F. Nickle, K.C., who was at one time a member of this house, chairman E. D. MacPhee and secretary and director of research H. M. Cassidy, B.A., Ph.D., assistant professor of social science at the university of Toronto. I recommend this report to the perusal of all members of parliament. In my view it is the most comprehensive study of unemployment relief and its effects on the population of the province that could be prepared. The report goes into many details. I think the most astounding feature of the report is that part which deals with the influence of unemployment upon the lives of men and women, and particularly children, in the province of Ontario.

After all is said and done, in my view there might be some excuse for the difficulties facing men and women, but there is no excuse for the very extreme difficulties facing the Canadians of to-morrow. These boys and girls will have to take their places in industry and commerce and on the farms of our country. I remember that during the war Lloyd George, then Prime Minister of Great Britain, made the observation that you could not make an A-1 army out of a C-3 nation. If the foundations for the report are true it is perfectly obvious to me that we cannot expect an A-1 Canada if at least we do not take some steps to ameliorate the conditions under which many boys and girls in the province of Ontario are living. The following concluding paragraph shows the effect of unemployment on the general life of the community:

Unemployment has also interfered with the normal mode of life of the unemployed in a dozen and one other ways. It has made for fewer marriages and fewer births, and probably for a greater proportion of illegitimate births; for a greater number of suicides, for wives working and husbands staying at home; for discontentment, unrest and the development of bad habits among boys and girls of the school-leaving age; for over crowding in the home, for family friction and disagreement; and for an increased number of deportations and the consequent disruption of the plans and aspirations of immigrant groups. It has induced attitudes of discontent, unrest and suspicion of established institutions in many people. The fact of drawing relief over long periods bids fair to develop in many an attitude of dependency. The effects of unemployment upon the unemployed and their families must be to make of them poorer citizens and poorer workers. Our most precious asset, the good quality of our population, is threatened with serious deterioration if unemployment continues.

May I make this observation: I am not unmindful of the onerous duties resting upon the shoulders of the Minister of Labour (Mr. Gordon); indeed I believe they have reached such a proportion that the many portfolios under his charge might well be divided among a number of cabinet members. In my view the portfolio of immigration alone is of ample proportions to merit the direct supervision of one minister. Further, the general duties in connection with the Department of Labour and more particularly the direction of relief for the dominion are sufficient in themselves to occupy the whole time of one minister of the crown. Then of course we have the portfolio of mines added to that. In the course of his remarks he said that hard times have changed both the official and the public attitude towards the responsibilities of government. I agree with that. I think we have made great strides towards a realization of the obligations of the state to those who through no fault of their own are unable to provide for themselves. But may I make another quotation in connection with that observa-

tion of the minister. This is from the report of the Ontario commission on unemployment in 1916, under the chairmanship of Sir John Willison. Referring to the need for vigorous public policy in regard to unemployment the commission said:

If the state wishes to secure the fullest loyalty and efficiency of its citizens, must it not assume a larger measure of leadership than in the past?

That was said in 1916, I believe it is equally true in 1933. This afternoon my colleague from North Winnipeg (Mr. Heaps), referring to unemployment insurance, said that possibly it is not practicable to introduce a scheme of unemployment insurance at this time. But I am of the opinion that steps should be taken immediately towards the introduction of a system of unemployment insurance in this dominion. Considerable preliminary study and investigation will have to be made with a view to developing a scheme to suit the peculiar needs of this country. I believe that a thorough study should be made of all systems of unemployment insurance now in existence in the world, and if necessary a committee or commission should go and meet the people charged with the administration of such systems, and who have made the necessary research for the introduction of such measures in the different countries. I believe that an unemployment insurance measure could be got under way even at the present time, though possibly it may have to be restricted in its coverage; but valuable information and experience could be gained through the necessary trial and error that would take place in its development. I leave that thought with the government, notwithstanding the fact that apparently no agreement could be reached on the matter at the recent interprovincial conference. We are going to have unemployment insurance in this country whether we like it or not. In my judgment it is a necessary part of the social machinery of any modern industrial state. We have deliberately set up an industrial structure alongside our agricultural structure. With the growth of industries it is the logical thing that we should meet the problems that other industrial nations have met. As twenty-nine other nations of the world have felt it absolutely necessary to have such insurance as part of their social machinery in connection with large scale industry, so in my judgment it is necessary that progress in that direction should be made here, and that at this time when the psychological conditions are favourable we should set ourselves to get such a system under way. We may pass out of this depression, have a few more years of, shall I say, normal times, and then enter into another period of depression without any machinery to meet the pressing problems of unemployment. However it may be in Great Britain, I question very much whether this country can stand ten years more of unemployment in its present proportions without the necessary machinery to deal with abnormal conditions.

[Mr. Mitchell.]

I come from a city where not only the industrial workers but the so-called middle classes are sorely tried by the effects of this depression. Our problem has been intensified by the lack of the necessary machinery to deal with it. With the individualistic attitude of the average man and woman in this country, the fact that they have had to go down to the relief office for relief has struck sorely at their pride—I mean genuine pride, pride that is necessary in any nation, notwithstanding opinions to the contrary. The recent imperial conference was to have brought about the millennium, and now the people of this country are to expect it from the world economic and monetary conference that is to meet in London during the coming summer. Make no mistake, that will not be the way out of the difficulty. You have already, I understand, the official statement of the United States government that at that conference tariffs will not be discussed. You have the attitude of France, so keenly conscious of the necessity for security, a country which has not adopted the idea of mass production to the extent that we in Canada have and also of Great Britain, Germany and the United States. The people of Great Britain, are free traders at heart, notwithstanding that they have recently adopted a different policy. Then we have our own position. My colleague from North Winnipeg spoke about free trade and protection. Well, if free trade were the solution, the United States would be the most prosperous nation in the world to-day. They have almost unlimited possibilities for the attainment of a self-supporting condition, yet notwithstanding that you have there the largest unemployment problem in the world. So far as Canada is concerned, who is going to reduce these tariffs? Which side of the house will do it?

Mr. LaVERGNE: Which side of the world?

Mr. MITCHELL: The tariff is like a suit of clothes; you do not need the same suit in Florida as in Canada. But we must have some form of protection for the men and women of this country. It is a practical question. I have been to India; I know that

in Bombay, as long as they have enough sense to keep their fingers out of the machinery, they can operate the most complicated machines, as in the textile industry to-day. You see these machines being operated by men and women in Bombay as efficiently as they are operated in Canada. With their wage rates what chance would our people have under a system of perfectly free trade?

I did intend to analyse the growth of industrialism in the Dominion of Canada, but I do not think I will have time now to do so. The tariff is the logical outcome of mass production. I sincerely believe that we are in for a lengthy period of economic nationalism, notwithstanding opinions to the contrary, and that we shall have to work out our own destiny, and solve our own problems, largely within our own borders. I believe that applies to almost every country in the world with the possible exception of Great Britain.

Last week when the minister introduced this resolution he spoke of the back to the land movement and said that a very definite start had been made. His words were:

A very definite start has been made, 1,651 families with 6,906 dependents have already been approved and placed on farms. This in my judgment warrants the belief that the whole quota of 6,923 families for whose settlement provision has been made will be placed on farms before March 31, 1934, at which date our agreement with the provinces expires.

Then the minister goes on to give the cost of what has been done. One thing is sure; this will not even make a dent in the problem of unemployment—the hon. member for Bow River (Mr. Garland) says even if it is successful. It would not make much difference in the unemployment problem in the city from which I come, which has 8,000 families on relief and 35,000 individuals being cared for by the city. I am not unmindful of the fact that some little relief may be given by this policy, but last week I met a man who had been a newspaper reporter and who went to northern Ontario because of the unemployment condition in the city in which he lived. He has been there for years; lately he has been cutting pulpwood and trading it for food. Last week end he came to the city on one of the cheap excursions and said it was absolutely necessary for him to get work in the city for a couple of weeks in order to get his wife back among the surroundings to which she was accustomed or she would go insane with loneliness.

Mr. GORDON: Where was he?

Mr. MITCHELL: In northern Ontario, north of North Bay.

Mr. GORDON: And he was a newspaper reporter?

Mr. MITCHELL: Yes.

Mr. GORDON: He never should have gone up there.

Mr. MITCHELL: I quite agree.

Mr. LAVERGNE: What had his wife been?

Mr. MITCHELL: She was a human being. I should like to see the Deputy Speaker up in nothern Ontario cutting down trees; I wonder if he could stand the loneliness.

Mr. LAVERGNE: My ancestors have been there and so have I.

Mr. MITCHELL: I quote from the Hamilton Spectator of February 9, 1933. This article deals with a family who left northern Ontario and came back to the city; I believe they went north under one of the original schemes. The newspaper article contains these words:

The distressing situation arose from the fact that the family left the city for a few months last summer to try their hand at the land settlement scheme and when they returned this fall they found themselves not eligible for relief.

The article refers to another similar case as well. I know very well that the top six inches of the soil always has been the escape when progress has been stayed in this and almost every other country, and in making these observations I do not want to belittle the efforts that have been made by the government in this direction. Even if they are able to settle only a thousand families on the land it will be at least some progress in the right direction.

The minister spoke of the disproportion of the urban and rural populations, and said the matter was debatable. I agree with him. In my opinion there has been a good deal of misinformation in connection with the drift from the farms to the city, and unsound views have been expressed with regard to it. The present modern city is a product of the machine age; boys and girls have been driven from the farms largely by the introduction of machinery on those farms. It is one of those things that is inescapable if the present drive towards increased mass production in agriculture and industry continues. There is also some logic to it. After all is said and done, the human stomach is not very elastic; there is some limit to the ability of a human being to consume the products of agriculture. In my opinion, however, there is no limit to the ability of the human being to consume the output of industry. This movement from the cities back to the farms is nothing new, but

it is not a genuine back to the land movement. It is a movement that has come into being though the force of economic circumstances, and should good times return, in my judgment the drift the other way will be far greater. I question also the soundness of a policy that uses land as the scrap heap for industry.

The policy has two very obvious weaknesses: It will not lessen the tax burden and, more important still, I believe it will increase the surplus of farm commodities. I believe this policy is economically unsound. It has up against it science as expressed in mechanized farming. Take the case of wheat; we have the binder which has done away with a great deal of human labour, and recently the Rockefeller institute carried on experiments on farms in Montana by which the time necessary to produce a bushel of wheat was reduced from three hours by hand labour to three minutes by the machine. The sooner the government makes up its mind that this is not a sound way to approach the problem the better it will be for the country and perhaps the quicker we may take steps to deal more adequately with unemployment.

I have analysed the work possibilities in the statement of the Minister of Labour. First we have the agricultural development which has found work for 1,651 heads of families. Then we have the Banff-Jasper highway in Alberta and British Columbia, which has resulted in 169,544 man days being worked. I should like to point out in that connection as well as in connection with the work being done with regard to landing fields that while perhaps under present conditions this is absolutely necessary I do not think it can be claimed that it is in any way a solution of the problem of unemployment. In the one case you have men working for twenty cents a day, while in the other they get only a few dollars a month. When these men leave the camps they will not have been able to save enough money to keep them from going on city relief almost as soon as they arrive home. Last week I had a communication from an organization in the city of Toronto, strongly objecting to some of these men in the camps who were taking away work from skilled mechanics. These men claim, and I think rightly, that these camps are operating in competition with free labour, and also that they have a tendency to lower the living standard of the district in which they are located.

Then the Department of Public Works, in cooperation with the provincial government, has completed a small work in connection with flood prevention on the Assiniboine river in Manitoba, to which the federal government contributed $592. I figure that these men got $3 a day. That undertaking would have provided 1,697 days' work. Under the Department of National Defence no figures have been given as to provision of days' work. The small sum of $3,000 was expended through the Department of Agriculture, which made provision for some boats to assist in the better export of live cattle to Great Britain. I thought that possibly these men would be skilled workmen and would receive an average of $4 a day. Under that scheme 975 days' work was provided. The total days' work provided under the schemes outlined by the minister was 172,216 days of eight hours a day. Expressed in weeks it would be 28,701 weeks on a basis of a six day week; so that you can see that all that was accomplished was steady employment for 28,701 weeks of one week for each man. When you figure out the steady employment which could be given individuals, you find that only 574 men could be employed during 50 weeks of the year, and that is the sole contribution of the Dominion government towards the relief of unemployment, as indicated by the minister in his speech the other evening.

Let me say this in conclusion. If you want the so-called capitalistic system to live you must try to get that system to function in such a way as to permit of the consumption of goods. That is a challenge which this government cannot ignore. I made this observation recently to some plant executives, and I think it is absolutely true with respect to the system: In the final analysis the existence of your system depends on the ability to provide men and women with work. It is a simple analysis, but in my judgment it is one that you cannot circumvent. Colonel Ayers of the Cleveland Trust Company recently made the statement that the only artificial stimulants that have been effective in the United States have been great wars. He might have added, new inventions. In my judgment the leadership will have to be taken over by the state. The state can do what neither individuals nor groups of individuals can do. It is master of its own affairs. It can expand or contract the supply of money. It is the creature of the men and women that constitute it and it reflects their point of view. It should also reflect their desires and their policies. It must therefore necessarily be responsible for their welfare.

Mr. G. G. COOTE (Macleod): It is very much to be regretted that in the third year of office of the present government the Minister of Labour (Mr. Gordon) is not able to tell us in his annual speech on the ques-

tion of unemployment that the government of which he is a member is taking definite steps to deal with the situation in a concrete way, namely, by creating employment in Canada. So far as I could gather from the speech made by the minister, the government has no intention of doing anything to create more employment for the people unless it is in connection with its scheme of putting more people on the land; and it is only by the greatest stretch of the imagination that I can call that a constructive proposal to create employment. It may create employment temporarily for those people, but the result I think will be very unfortunate for a great many of those who are being placed on the land. The majority of the farmers in Canada to-day are very hard put to it to make enough on their farms to provide for themselves and to pay taxes. That being the plight of the farmers already on the land, with equipment, what chance have these people who are being sent out now and placed on the land to take care of themselves with such equipment as will be purchased for them to the extent of $600? I think the move is doomed to failure. I hope the minister will be able to make it a success, but I do not see how it is possible.

Mr. GORDON: But it is a success; it is proving so now.

Mr. COOTE: We have been told ever since I came to this house that the soldier settlement scheme has been a success, but I cannot find very many returned soldiers who will admit that. The picture given to us by the minister was anything but a cheerful one. Last fall he told us that 800,000 people were in receipt of direct relief and in his speech the other day he said the number was 1,357,000. I would call the attention of the house to the fact that while the number in receipt of direct relief is increasing every month, the number of taxpayers in the municipalities is decreasing. How long can that process continue?

I consider, and I think it has been admitted in this house by the government themselves, that this is a national emergency, and a national emergency certainly demands national measures. In my opinion unemployment relief is, particularly at this time, a federal responsibility, from the very nature of the case, and in addition, because of the statements and promises made by the present Prime Minister (Mr. Bennett) when he was carrying on his election campaign. All the economic policies in this country which determine whether men shall have employment or not are under the control of the federal government—banking, finance, currency, the issuing of money; in fact, money in all its forms is under the control of the federal government: tariffs, immigration, railway rates and all economic policies which determine how much employment there is going to be in Canada—these are all under federal control. The municipalities and provinces are, in the very nature of things, not responsible for unemployment, and I regret to say that in some cases they are not financially able to cope with it. Under the present policy by which the municipalities are required to take the initiative and pay one-third of the relief either directly or indirectly, many of our municipalities are practically bankrupt; they are unable to-day to find the necessary finance to carry on this work. As a result of this, relief is in many instances inadequate; another result is very often that men are drifting about from one municipality to another. The municipalities in an endeavour to protect themselves against the influx of the unemployed from other parts of the country, are very stringent in the regulations they make. A man or his family must have been in a municipality a certain length of time before he becomes eligible for relief. The result is that there are many people, particularly single men, transient labourers, who are still drifting around from one municipality to another. They cannot get relief in many municipalities because they are told that they have not been there long enough. They have to exist in a sort of no man's land and they drift from one municipality to another, obtaining a few meals here and there by begging. I think this condition has grown out of the present policy.

Mr. GORDON: To what part of Canada is the hon. member referring?

Mr. COOTE: I am referring to the province of Alberta, but I have been told that similar conditions exist in Ontario.

Mr. GORDON: Our official reports from there are exactly the opposite.

Mr. COOTE: When we get into committee I should like the minister to tell us whether any provision is being made to take care of the unemployed who have not been in any municipality for a certain specified time. I have heard of so many cases, both from transients and from the people who have fed them, that there must be many municipalities who will not take care of these men.

In order to show just how inadequate is the relief granted, I should like to quote the

scale of relief in force in some towns in Alberta. I secured these figures from the secretary of a municipality. The allowance for a man and wife is $12 per month, work being provided for five days per month at $2.40 per eight hour day. A man and his wife are supposed to live on $12 per month. For each dependent child an additional allowance of $2.40 per month is made, or one day's work. I should like hon. members to consider how they would feed a child on $2.40 per month. A few years ago we spent several weeks in this house discussing the question whether or not we should allow the children of Canada to have oleomargarine placed in front of them. I am quite satisfied that in many homes to-day the children do not have butter or even oleomargarine. I think hon. members will agree also that on an allowance of $2.40 per month, or eight cents per day, it would not be possible to provide milk for a child.

A slight additional allowance of $2.40 per month for each adult and $1.20 per month for each dependent child is provided for clothing, but work must be given in return. I do not object to the fact that work must be given in return for relief granted. I think these people should be provided with work, but I do not think a mother should be expected to clothe her child on $1.20 per month. It will mean that many of these children will not have proper clothing in which to attend school. In many cases these people have to provide themselves with some sort of house as well as with fuel and light. These and many other things they cannot get under such an inadequate scale of relief.

I think the trouble arises out of the financial position of the provinces and the municipalities—I speak more particularly of the western provinces, but the same conditions may exist in the east. The provinces and the municipalities find it almost impossible to borrow, and, as I said before, the number of taxpayers is growing smaller and smaller. I was told by a man who has made a study of these matters that during last summer in one western city ten new families were coming on the city for relief every day and a large percentage of those families had previously been taxpayers. I am led to believe that the condition existing in some parts of the east is not much better.

I have before me a bulletin published by the committee on social and economic research of the Montreal Presbytery of the United Church of Canada, which contains a number of extracts from Montreal newspapers. The first extract I should like to quote is from the Montreal Star of January 26, reading as follows:

The urgent need for more accommodation for public patients was revealed when it was learned that upwards of 1,870 beds in public wards of seven of the biggest hospitals in Montreal are already filled and nearly every one of these institutions has a long waiting list.

The private wards in the Montreal general hospital are filled, but only fifty per cent of the beds in the private wards of the other hospitals are occupied.

"Due to hard times, the private wards are not very popular these days," one hospital official said. The result is overcrowding in the public wards.

The next extract is from the Montreal Star of January 26, which reads:

Garbage Cans Searched for Family Food
Man Tells Pitiful Story of Starving Children

Out of work for over two years, his wife and three small children piteously appealing to him for food, Albert Trottier, 5763 DesErables street, has been ransacking garbage cans in the residential sections of the city in a last desperate effort to provide the necessities of life for his starving family.

Emaciated and weak, his hollow cheeks mute witnesses of a semi-starving condition, Trottier told his pitiful story to Recorder Leblanc this morning after pleading guilty to a charge of foraging in garbage cans.

"I am going to let you go," Recorder Leblanc told Trottier. "Don't continue to take garbage. It is a very dangerous thing to do from a point of view of health."

The next is from the Montreal Gazette of February 1, and reads:

Eviction of Jobless Tenants

Montreal landlords are beginning eviction of jobless and rentless tenants. They are doing this to force upon the city administration their plight in being obliged to pay taxes, yet unable to secure from direct relief funds anything to bolster their falling, and in some cases, vanished rental revenues.

St. Edward ward witnessed four evictions Monday night; twenty more are in the offing, and some from night to night are threatened unless the public authorities make some arrangement whereby the landlord who shelters unemployed families shall receive a portion of direct relief allotments per family.

I want to protest again against the policy of the government in forcing municipalities to bear such a large share of the unemployment relief. I want to protest also against the policy of drifting and refusing to take some constructive action looking to bringing about the end of this terrible depression and the accompanying unemployment. We could create employment in Canada if we had the courage. I should like to quote one paragraph from the report of a committee of research experts appointed by President Hoover to study the significant contemporary social trends in the United States. It reads:

Unless there can be a more impressive integration of social skills and fusing of social

purposes than is revealed by recent trends, there can be no assurance that these alternatives with their accomplishments of violent revolution, dark periods of serious repression of libertarian and democratic forms, the proscription and loss of many useful elements in the present productive system can be averted.

I know it is dangerous to use the word "revolution" in this house. I do not remember having used it before, but I know that hon. members who did use it were accused of being communists. I challenge any hon. member to accuse the gentleman whom I intend to quote of being a communist. I should like to quote the encyclical of Pope Pius XI with regard to civil power, as follows:

These ideas were not merely suggested, but stated in frank and open terms by our predecessor. We emphasize them with renewed insistence in this present encyclical; for unless serious attempts be made, with all energy and without delay to put them into practice, let nobody persuade himself that the peace and tranquility of human society can be effectively defended against the forces of revolution.

I wish I had time to quote more freely from this document, but at some future time I hope to have the opportunity of giving to the house more of the splendid things which Pope Pius has said in this encyclical.

I do not at present wish to deal at any great length with existing conditions except to suggest that we should take constructive steps to alleviate the distressed conditions from which we are suffering. The very worst feature of the present so-called depression is the condition of unemployment existing among our people, and their consequent poverty. There is one thing I would like this parliament to do—and I would like to see every parliament do it—and that is to abolish poverty. It is within the power of this House of Commons to abolish poverty, in the large sense, in Canada. We cannot deal with unemployment generally until we restore some purchasing power to agriculture. This is an agricultural country, and so long as the purchasing power of our agricultural population is as low as it is to-day, we are bound to have unemployment, falling revenues, increased expenditures for unemployment relief, and no government will be able to balance its budget. We cannot deal with the agricultural situation; we cannot restore its purchasing power without adopting a more sensible and sounder money policy than we have in Canada to-day. The present so-called "sound money" is bankrupting agriculture and ruining trade and commerce. Why under heaven anyone would call that sound money is more than I can understand; it is about as unsound as any money system could be. If we have the courage and wisdom to manage our money system so as to place our currency on a proper level with sterling, this would put $200,000,000 more purchasing power into the hands of our agriculturists and others who are producing export commodities. That amount circulated throughout this country would put a large part of our population at work. I quite freely admit that it would not put them all at work. We have waited much too long to expect to deal with the whole question of unemployment in that way; conditions have become too bad and we must take other and perhaps more direct means if we are going to give our people, or even a considerable percentage of them, employment.

Perhaps at this time, before proceeding further, I might quote just one sentence from the remarks of Lord Melchett when he spoke in the House of Lords in support of a resolution which he moved. As the resolution is very short, I might be permitted to read it. This is the motion moved by him on December 15, 1932:

That, since under modern scientific conditions productive capacity is unlimited, and since the existence of indigence and unemployment throughout a large portion of the population demonstrates the fact that the present monetary system is obsolete and a hindrance to the efficient production and distribution of goods, in the opinion of this house the government should bring forward immediate proposals for the economic reforms necessary to enable the subjects of this realm to enjoy the benefits to which their present productive capacity entitles them.

A splendid resolution, one which perhaps should be presented to the house and the government asked to act on it. In support of it he said:

We have to realize that it is no good going on in an economic world with a financial system which is so hopeless, as the Chancellor of the Exchequer admitted himself last night, that when America stops paying herself the whole system collapses. If you boil his speech down it comes to this, that the moment America stopped lending money to her debtors to repay her the whole system was in danger of, and did in fact, collapse. Why should we continue with these absurd follies? We have an infinite power of production in our hands. We have scientists with brains, and if we concentrated on almost any material problem in the world to-day it could probably be solved within ten or fifteen years. We have bountiful gifts at our disposal if we have only the courage to take them. We have to create a system which is capable of doing that.

We can deal with the problem in Canada just as easily as they can deal with it in Great Britain, perhaps more so, because we have no shortage of food. Canada is one of the greatest food producing countries in the world, and we have also immense natural re-

sources such as Great Britain does not have within her own borders.

The time has come when we should adopt some definite measure to create employment for our people. Again I quote Lord Melchett, this time from memory. He said that discussing the question of unemployment without bringing in the question of currency was like discussing Hamlet without the Prince of Denmark. Undoubtedly the question of relief from unemployment is bound up with that of money, and, if you like, I shall go so far as to say that in Canada to-day it is bound up with the question of a moderate amount of inflation. Never in my life have I advocated anything like uncontrolled inflation; I want to make that very plain. I know the suggestion has been made in the house and out of it that some members in this corner advocate uncontrolled inflation. If any hon. member did advocate it, I never heard it and I have never done so myself. We may have uncontrolled inflation in the future, and if so, I do not want to be in any way blamed for it. I do want a certain degree of controlled inflation. Had we had a sensible money system, we would not have had the deflation, but now that we have it, there is no way of dealing with the unemployment situation which does not include controlled inflation or reflation—call it what you will, but we want it under definite control and for a definite purpose, that of giving employment and putting purchasing power into the hands of the people so as to take the unemployed off the hands of the various governments and to restore the confidence of the Canadian people in their own institutions.

It seems to me that there is no more direct way of putting purchasing power where it is needed than by financing unemployment relief. From the point of view of economics there may not be very much difference whether this is done in the form of a dole or in the form of public works, but there is certainly a very great social difference and the community might very well enjoy some benefit from the labour of those whom it is financing. The usual objection to a program of construction of public works is that somebody may make too much profit out of the material which must go into the creation of those works. May I say that my remarks on this particular point I have written out so that I may give them in the most concise manner possible. I do not think it is necessary to worry about such profits, if excess profits are properly restrained, and we can have that done through our system of taxation. Most of the money expended in the purchase of materials is paid out in wages and enables contractors, manufacturers of construction machinery and other employers to maintain or to increase their staffs. Most of the public work that needs doing is in urban centres. Housing projects are needed to clean up slum areas such as may be found, for instance, in this city of Ottawa. More of them can be found in Toronto and even more in Montreal. Surely it would be a good idea to clean up slum areas and to build decent apartment houses or dwellings for the great mass of the people, the working class. In many cities we also need street widening, clinics, improvements to hospital facilities, and in fact, work of this type is plentiful. The ideal method of coping with this situation would be, first, to establish an unemployment relief commission to cooperate with the municipalities and to lay down a code of practice, as to the type of work which should be undertaken and, second, to appoint inspectors to supervise the purchasing of supplies and material, according to the policy of the commission. Substantial appropriations of money for these purposes could be secured by borrowings from a central bank. Of course we have not such a bank, but there is nothing to hinder its early establishment. Hon. members in this corner of the house have advocated such a bank for the last ten years. It is unfortunate it was not created in 1923, 1924, 1928 or even 1931. Had that been done we would now have the machinery through which to finance the work such as I have described.

The borrowings could be from a central bank, or even from the commercial banks, on treasury bills at low interest rates. Last fall $35,000,000 was secured in this way, and there is nothing to hinder our securing more money in the same way provided the money is paid out for useful work. Arrangements could be made with the municipalities for the repayment of these advances, such repayments to be spread over a term of, say, ten years, at a rate of interest which would cover the cost of administering these funds and paying for their collection. That would be a very low rate of interest compared with the rates municipalities are compelled to pay at the present time. It seems to me that the provinces might very well join the municipalities in arranging guarantees for expenditures of this nature. A certain amount of unemployment relief will be necessary, but as far as possible I think we should give work rather than direct relief. As I said in the house some time ago, we are crazy to think we would bankrupt ourselves by putting unemployed people to work, because any unemployed man who is put to work will

create real wealth. I believe it is Professor Soddy who says that the wealthiest nation is the nation which consumes most. In Canada we pride ourselves upon being a wealthy nation, and yet many of our people are living in poverty.

I have a suggestion to make to the Minister of Labour which I believe will meet with his private approval, whether or not he can get the cooperation of the cabinet. I have in mind a change in the Old Age Pensions Act which would extend pensions to men who have reached the age of sixty-five years. Let us retire some of those men who have worked faithfully to that time of their lives, and let some of the young men take their jobs.

Mr. GORDON: Has the hon. member worked out how much such a change would increase the burden of debt?

Mr. COOTE: No, I have not. I believe, however, that to do as I propose would be economically sound.

There is one other suggestion I should like to make to the minister. I do not remember this being advanced in the house before, although it may have been. My proposal is that he should consider measures to assist the establishment of unemployed cooperatives. A great deal of this work has been done in the United States, I learn from the press that in the state of California more than 200,000 unemployed are obtaining the necessities of life by trading days' work for goods. In Seattle the unemployed have organized themselves so as to perform for one another such services as tailoring, shoemaking, barbering and so on. They grow as much of their food as possible on vacant land, and exchange their labour on the farms for farm produce, the farmers being equally short of ready cash. A splendid account of the operation of this cooperative association in Seattle is given in Collier's magazine of a few months ago. I quote the following from Change:

One of the most ambitious and most successful of these self-help organizations has been formed in the city of Minneapolis under the direction of Doctor George Mecklenburg of the Wesley Methodist Church. The local unemployed are listed according to occupation at the headquarters office, and forty-five crafts have been organized into craft guilds, through which work is distributed. Scrip money—which is of course of value for local circulation only—is the medium of payment. This novel organization is described in Zion's Herald:

"Just inside the door on the Grant street side we find the bank; for the organization has printed its own money in denominations of five cents, ten cents, fifty cents, one dollar, five dollars and ten dollars. This scrip money is hand-signed, copyrighted, and stamped with the seal of the Incorporated Organized Unemployed. Expert unemployed accountants set up the books. Everything is accounted for.

Next to the bank we find the large commissary store. Here come 1,500 people a day to make purchases with scrip. What can they buy? Anything that the members of the organization produce cooperatively. They can buy clothes, old or new; old shoes and some new shoes and rubbers; all kinds of vegetables grown in Minnesota, sugar, bread, flour, sauerkraut, and all kinds of canned fruits and vegetables.

Across the hall from the store we run on to the 'white-collar' restaurant. Here is a cafeteria with $7,000 worth of restaurant equipment which had been loaned to the organization. It was found that Minneapolis not only had idle men, but had idle store equipment, idle bakeries, idle shoe machinery, idle sewing-machines, idle trucks, idle everything. This movement has put idle men and idle things to work.

In the big room back of the restaurant we come to the barter and exchange department. Anyone may bring anything to this place and sell it for scrip. Furniture, beds, automobile tires, silverware, cooking utensils, stoves, shoes, clothes—anything of value is bought for scrip.

In the headquarters building a clothing factory has been set up where twenty-four rapid-power sewing machines make new clothes, mackinaws, overcoats, blazers, and all kinds of warm clothing. On a nearby street is a storehouse filled with potatoes, carrots, parsnips, onions, squash, and other vegetables. All of this produce was bought by trading the work of the unemployed for surplus farm products.

Not the least important feature of this novel plan is the new spirit of hope and confidence that it has given to thousands of people who feel that they are taking part in a new experiment in cooperative living.

In one of the districts of New York city a somewhat similar scheme has been organized by a group of prominent economists, engineers, lawyers and industrial experts, known as the Emergency Exchange Association. As in Minneapolis, the basic idea is to bring into working relationship the idle machines, raw materials, dwellings and farms with the idle men and women who are anxious to work and who are desperately in need of the necessities that they could provide for one another if the facilities were given them. The New York Association also makes use of scrip money in order to make exchange of goods and services possible. The reason for using token money rather than the existing currency is to provide for the eventual expansion of the system beyond the elementary exchange of services, to include production plants and farms. Thus will be created a balanced economic system which a central exchange, to be established by the association, will finance and control, operating from raw materials to ultimate consumer by means of the scrip."

I know some members will not approve of the suggestion contained in this article, but it might interest some to know that in the monthly bulletin published by the National City bank, which, I believe, is the second largest bank in the city of New York, a study

of a book recently written by Professor Graham on this very subject is suggested. The article is headed: Remedy for Unemployment, and I recommend it to some hon. members who have not read it.

Mr. MacMILLAN: Does the hon. member—

Mr. COOTE: I recommend it to the hon. member for Saskatoon (Mr. MacMillan), who is so ready—

Mr. MacMILLAN: Does the hon. member favour the banking system of the United States rather than our system?

Mr. COOTE: I am not discussing the banking system of the United States. I am suggesting to the minister, and to the hon. member for Saskatoon, that it would be a good idea to assist in the establishment of the unemployed in some of these cooperatives, so that they might take care of themselves, relieve the taxpayers, relieve the budget and, as the article I read stated, restore confidence to the unemployed themselves. I am also trying to tell him that even such a great institution as the National City bank of New York suggests in its monthly bulletin this book as one to study. The bulletin says regarding this suggestion:

> The author's reasoning leads him in search of a plan whereby in times like the present, when wages and prices in terms of money are out of adjustment, resort may be had to the principle of barter, as a temporary expedient by which the otherwise unemployed may supply their own needs.

Surely that is a good suggestion.

> His plan in brief is to have a National Emergency Corporation that would undertake production, presumably of goods for common consumption, by arrangements with owners of existing shop capacity and giving employment to workmen who would accept pay in "consumption certificates," which would represent proportionate shares in the product. The sole purpose would be to enable the unemployed to produce for themselves and each other during the period of derangement which has deprived them of regular jobs, and to thus mitigate the suffering of such periods.
>
> The consumption certificates would be transferable, and presumably have a money value, hence a recipient might convert a portion of his earnings into cash. Presumably the money value of the wage would be less than the union wage, for avowedly it is an emergency plan to provide employment at times when union wages cannot be had for many would-be workers, but there would be no profit on the labour.
>
> Obviously the problem would be to get such a variety of production and services into the system as would enable it to supply at once employment and the essentials of life to the workers who joined it. Practically the scheme seems to contemplate a cooperative, auxiliary, system in connection with the existing system, but operating with a currency of its own.

[Mr. Coote.]

I am suggesting, Mr. Speaker, that the minister seriously consider setting up an unemployment relief commission, and ask that commission to make a study of this very plan. I think it might be adopted in many of the larger municipalities, and if it were properly handled and given a little financial assistance at the start, it could be carried on by men who are now unemployed. Plenty of men who have held good executive positions, now unemployed, would be very glad to lend their services for the successful completion of a project of this kind.

Before I sit down I want again to urge that action be taken to see that the transients who have not been in a municipality long enough to comply with the residence requirements get relief from some source. I would again urge that the federal government assume a larger share of the cost of relief, so that our municipalities may be enabled to increase the scale of relief, in cases where it is now inadequate, to what would seem to be the amount necessary to sustain a decent standard of living for people who would work if they had an opportunity, but for whom there is no work available at present.

Mr. ALFRED SPEAKMAN (Red Deer): Mr. Speaker, in considering this subject of unemployment and unemployment relief, perhaps one of the most important questions that we have to deal with at this time, it is vital, I think, that we should avoid confusion of thought and confusion of speech. The subject is of course, extremely complex in a superficial way, that is there are innumerable aspects from which it may be considered, and there are innumerable minor factors in the situation. But essentially there are two main approaches: the one temporary, the other fundamental. So I think it is of great importance to remember that unemployment, although undoubtedly an extremely complex problem, is not in itself a primary problem. That is it is an effect rather than a cause; a symptom rather than a disease. Any physician, confronted with a patient suffering from acute pain whose temperature has risen to an alarming height, would at once take measures to alleviate the pain and reduce the fever; but if he were a wise physician he would go further, he would endeavour to diagnose the disorder from which the patient is suffering and which had brought about the symptoms, and would prescribe such treatment as might remove the disorder and restore the patient to health. It is quite conceivable that part of that treatment might be a complete change of diet, and perhaps a complete

change in the sufferer's occupation and mode of living.

As to the first or the more temporary aspect of the problem, there is after all little difference of opinion in this house. There is difference in degree, but in the main the house is conversant with the situation that exists, and I am not going to stress that to-night. We are conversant with the fact that in recent years unemployment has steadily increased, until to-day, although we do not know exactly how many there are, we do know that not far from three quarters of a million people are unemployed who ought to be working, and that those receiving relief from the state in one form or another have increased in number in the last few months from some 800,000 to over 1,300,000. I think we are all in accord as to this, that this condition cannot continue indefinitely without leading to ultimate disaster and bankruptcy. It is obvious that under the system as we have it, with our small population, we cannot carry indefinitely the burden of relief for such a large proportion of the population, nor can we stand the heavy drain upon our resources, the steady wastage which is implied, in seven or eight hundred thousand people living in idleness who ought to be wealthy producers. To that extent we are agreed.

By the way, Mr. Speaker, may I request that you ask these gentlemen—I emphasize the word "gentlemen"—to conduct their conversation in a lower tone or behind the curtains?

Mr. DEPUTY SPEAKER: Order. The hon. gentleman cannot hear himself speak.

Mr. SPEAKMAN: As I say, we are all in accord as to the nature and extent of the problem, and we are in agreement, that it is the responsibility of the state, of the people of the country, to provide for those who are in want the necessities of life which they are unable to earn by their own labour. Not only is that a matter of humanity; it is a matter of distinct responsibility, and a matter of wisdom, particularly in respect of the children. Not only, sir, is there an appeal to those humane instincts found in the heart of every man and woman, that instinctive urge to protect and care for the young and the weak and the helpless of our race, that instinct which is in fact responsible for the preservation of the race; not only that, but I believe it is nothing short of criminal, it is high treason against the state—and that is looked upon as one of the worst of crimes—a crime against the future of this country and a menace to our civilization, if we allow these children who will be the future citizens, who must carry on our future civilization and the business of this country, to enter upon their responsibilities with dwarfed or twisted bodies, physically incapable through malnutrition, or with minds undeveloped or misdeveloped, and with an outlook upon life distorted by suffering and lack of nourishment and wrong surroundings during their youthful and formative years. I look upon that, Mr. Speaker, as do we all, as being not only a tragedy, but a crime. On that point the only difference of opinion in any part of this house is as to what constitutes an adequate and decent standard of living. I doubt whether there is an hon. member in the house, including the minister, who believes that the amount provided at present will adequately care for any growing child.

Then we all agree, Mr. Speaker, that all other things being equal and if it were financially possible, it would be infinitely better both from the point of view of the morale of those concerned and as an investment for the state, to make provision for those requiring relief by way of work for which remuneration was given than to provide direct relief. There is a difference of opinion as to the work which might be done, and I am not going to dwell upon that because my colleague from Macleod (Mr. Coote), who immediately preceded me, gave very clearly and intelligently, I think, a long list of suggestions some of which might well be put in force. I am merely pointing out that we are all agreed on these questions and that the only factor which intervenes and the only reason direct relief is substituted for work is again the cost. Under the system as we have it that cost apparently is prohibitive.

I have said that we are all agreed as to the duty of the state, but a question arises as to what particular agency of state should take the primary and chief responsibility. I believe in facing facts, and among those facts of course is our constitution and the division of authority and of responsibility therein outlined. After all, however, a constitution is not a fundamental but a superficial fact; it is a matter of convenience, and to my mind so long as the people of this country must carry the burden and pay the cost it matters little through what agency that work is done so long as that agency is the most competent and effective for that purpose. I believe, and I think the belief is shared by many, that with the scope and magnitude of the present problem it has become more and more a national problem which must be dealt with by a centralized system of management. I do not say that provincial and municipal governments should not take their share of responsibility

and contribute their share towards the solution of the problem, but I do say that I am at one with the leader of the opposition (Mr. Mackenzie King) who stated that we should have some centralized body which would lay the plans and co-ordinate the work as between the federal, provincial and municipal governments and see that the work was done equally so that all would share alike. Further, so long as the causes of unemployment are wholly beyond the control of municipalities, and while the provinces have little to do with them; to the extent that any Canadian government is responsible, then it is federal responsibility and the federal government or the federal agency should assume the greater part of that burden. After all, they control immigration, which is one of the contributing factors; they control our trade and financial policies. The federal parliament controls almost every factor which, so far as it is national, enters into this problem of unemployment, and for that reason I again emphasize my belief that the federal government should not only direct the general work itself but should carry the greater part of the burden.

Last year I know the minister strained every nerve to cope with this problem, and may I say at once that I believe he has done all that a man in his position can do to overcome this situation. He has given his thought, his time, his efforts and his health, and among the other things he tried was the back to the land movement. I am not one of those who deprecate unduly all experiments—and this was an experiment. I do hold that no back to the land movement, on a large or a small scale, can go any distance in meeting this problem. It is of no use for us to deplore the fact that the tendency is for more and more people to dwell in our large centres, with fewer and fewer remaining in the country. That is something we cannot control; that is in line with the steady march forward of civilization, and to attempt to fight that flow or turn it aside would be as useless as was the gesture of old King Canute, who ordered back the rising sea. As the hon. member for East Hamilton (Mr. Mitchell) has said, almost every day sees some new industry developed, always one that is industrial in its character and carried on in some factory in some city. The percentage of people required to produce the food of the world is becoming smaller and smaller, inevitably and inexorably. Every scientific discovery and every mechanical improvement lessens the number of people required to produce food, but it does not increase the need for food or the size of men's stomachs. It drives men more and more to the cities where the new industries are located and where every new invention not only has its birth but lives its life. I hardly need to mention the further fact that if a back to the land movement were carried on to such an extent as perceptibly to affect the problem of unemployment, it would simply increase the problem of agricultural distress which is now as great as the unemployment problem which is crushing this country.

I should like to pass for a little while now from the temporary phase of this question. I have said that in my opinion the minister and the government have been doing pretty well all they can do under the system as we have it. It comes to a question of dollars and cents, and again under the system as we have it those dollars and cents are limited. Perhaps the greatest indictment against the system as we have it is the fact that we have had in power, before 1930 and since 1930, able and sincere men who have done their best to meet the conditions that arose, and who shall say that they have failed so far as they could succeed? The fact that they have been unable to succeed; the fact that despite their utmost efforts unemployment and distress have increased and the number of people on relief has steadily grown and keeps on growing, is to my mind an indictment not of the members of the government but of a system which even those men, strong and capable though they may have been—and I will give them all the credit they may desire—have been unable to make it succeed.

I will turn to the question of causes, because after all the symptoms or the mere alleviation of suffering are not the important things. The important thing for us to consider to-day is what has brought about unemployment and what we can do to remove those causes. There is a great deal more difference of opinion on this point; here the views of members of this house diverge to a far greater extent than they do in respect of the more temporary and superficial phases of the problem. During a debate which took place a short time ago upon another subject, to which by the rules of this house I am not allowed to refer, a good deal was said as to systems old and new, and frequently we heard something said as to the folly, shall we say, of a small number of men in this corner of the house who held, according to others, that this system under which we live must be destroyed root and branch that it may serve as fertilizer for a new and better system. That at least was the inference I drew from what was said by some hon. members. Now, may I assure the house that in endeavouring to put forward some ideas held in this corner as to what might be done towards

meeting conditions which bring about unemployment, I am not suggesting that we should tear down the building or uproot the tree, that we should make fertilizer out of all our cherished institutions. Not at all. I am suggesting merely this, that where we find an obvious weakness or an obvious flaw, that weakness should be eradicated and a newer and better piece of machinery installed to function where the existing piece failed to function. And although I will suggest that if this process is continued long enough, and each inadequate piece of machinery in turn is removed and replaced by a more efficient piece of machinery, in the long run you may have an entirely new machine, that is a very different thing from destroying and then erecting. It is a matter of gradual evolution from the less satisfactory to the more satisfactory, and so we hope at some future time to attain the perfect. That perfection will not come within my lifetime or yours, however.

What are the chief causes of unemployment? Of these I think, again, we have a very fair conception. There are two main causes, as I think we shall all agree. One of these we describe as technological, and the other is financial, and these two phases constitute the reason for almost all the unemployment which we see in this country and elsewhere—the technological and the financial causes. Let us take the technological first, because technology and technocrats and so on have become a popular subject of conversation, or at least they were until a short time ago.

What is technological unemployment? It is simply the replacement of human labour by machinery; that is all, and there is no reason for me to emphasize or to offer illustrations of that great truth. Every one of us, whether living on the farm or in the city; whether conversant chiefly with urban or with rural life; whether our principal contacts have been with the farmer or with the mechanic in the cotton mills, in the shoe factories, in Oshawa or Windsor or Ford City, where they make automobiles, every one of us, I say, is conversant with that situation. We know that in every industry machinery improving year by year is gradually replacing human labour. That process, beginning as it did when steam power was first applied to production, has gone on with accelerating speed year by year until the present time. You will perhaps ask, as I have asked: If this is true, why have we had no unemployment on a large scale until within recent years, when this process has been going on so long? Again, I think, the answer is obvious. To counteract that process we have seen within our own lifetime the emergence and development of new industries, beginning on a small scale, and producing luxuries almost unattainable except to the rich, until spreading and growing and rapidly developing, like the motor car, they have become at last necessities of life, demanded and if possible secured by every man in the community. The emergence into our industrial field of the motor car, the telephone, the gramophone, the radio, the flying machine and all these new industries, has meant that each in turn has been able to absorb the surplus labour thrown off from the basic industries. As they have replaced human labour with machinery, each new industry has in turn absorbed that discarded labour, thus putting off again and again the threatened time of widespread unemployment.

In 1914 the situation was growing acute and then the war broke out, and at once it took from the field of competitive labour 500,000 of our best men. This at once created an enormous artificial market for goods, and for a time the situation was saved from the point of view of employment. The war passed and again we were threatened with unemployment on a large scale, and again the sudden and widespread development of some of these machines of which I have spoken—the fact that numerous men were employed in building the very machines which eventually would displace them—was able to take up the slack. But remember that after each recurring era such as this we entered upon the next with a greatly increased load of debt, accumulating steadily, so that each time it would require a more powerful stimulant to take us forward another lap. There is the situation, and to-day apparently we have not in sight any new industry on a sufficiently wide scale to absorb the potential labour now idle.

I will not go into the estimates given time and again as to what the total production would be if we were to employ all our people. It has been estimated that a little over fifty per cent of the available working population, working eight hours a day, would to-day be able to supply all the needs of the country were we able to purchase all that was produced. Now, some people ask, why worry about technological unemployment? That is easily solved. Pass some law or statute and turn the eight hour day into a five hour, a four hour, a three hour, a two hour day; cut down the hours; divide and subdivide the work and you will have met the problem. Yes, if that were the end. But after all that is only the a, b, c of the matter, because behind that lies finance. The question will

be immediately asked: Yes; divide labour; shorten the hours; but will you pay these men the full eight hour day wage for four hours of work or will you halve the wages to meet the half time occupied? If the latter, then none will have enough to live on and you will have to relieve all. If the former, then you double the labour cost of the goods produced, and under the system as we have it, neither could capital obtain a profit nor could the farmer and those other producers who do not come under the wage scale be able to buy the goods produced and you would find yourself faced with the ultimate problem, that which I verily believe, as stated again and again from this corner, and emphasized and amply demonstrated by my friend from Macleod (Mr. Coote), is the stumbling block, the root cause, namely, finance or money. How will you get it? Then we come to that problem. I think it is fair to say that that is the main problem.

May I come back again to the medical metaphor, and I do so with hesitation because there are so many medical men in the house. But I suggest this to you because I know something of medicine, not as a practitioner but as a victim. One of the practices of the skilled physician in dealing with a patient who has some obscure disorder is to apply the logical method of elimination in making his diagnosis. He will test organ after organ to see whether this or that organ is sound and functioning properly, and gradually he eliminates one after another from the field of conjecture until he comes finally to the organ that is giving the trouble. I believe that is an apt metaphor in this connection.

Now, no one will deny that our public patient is suffering from some obscure ailment. The symptoms are obvious, for we are all suffering from it; the temperature is high, the pain is acute, and we are analyzing organ after organ.

Look at agriculture. Agriculture is absolutely sound as a producing body. It can produce goods in ample quantity and of excellent quality. In other words, it functions one hundred per cent. I do not say that it cannot be improved; all methods can be improved but I think it is efficient in performing its proper functions, which is to produce agricultural goods.

We come now to industry. You can examine factory after factory and you will find almost without exception that it is functioning efficiently and doing its work as it should be done, producing as a productive organization should. As you pass from one to the other I venture to say that in these days of keen competition you would find very few that were not functioning to their height of efficiency in producing the goods for which they were created.

Then we come to distribution. When we examine our mechanical means of distribution such as our railways, our steamships, our trucks, our buses or other means of transportation, we find just as an efficient a system of transportation as any man could wish. Again, improvements are possible in economy and in efficiency but I venture to say that there is not an article produced in any part of this country that cannot be transported with speed, safety and celerity to any market on the globe.

Next we come to communication. Miracles are being performed with our systems of communication. In my home in Red Deer I am nearer to Washington, London, Peking, Moscow or, if you like, Ottawa, than I was to Calgary when I went west forty-three years ago. The moment a man speaks I am able to hear him over the radio. The Pope speaks in the ancient Vatican and followers by the millions throughout the world bow their heads when they hear his voice. The Prince of Wales launches a ship and the splash as it enters the Clyde resounds throughout the empire. The Prime Minister of Canada speaks and the listening multitudes raise their hats and shout "hurrah."

Some hon. MEMBERS: Hear, hear.

Mr. SPEAKMAN: If they don't. I assume they should. The system of communication is perfect.

We come now to that organism the function of which, stripped of all verbiage, stripped of all the accumulations of legend, tradition and precedent, is to make possible the exchange of goods and services between one industry and another—finance. I do not intend to go into the intricacies of finance but I am going to ask this question: Judged from the point of view of a medium of exchange, is finance functioning as it should? I do not think there is an hon. member who has looked at what is going on, who has seen the accumulated wealth—money is not wealth, it is goods—who has observed the suffering of the people; I do not think there is anyone with the intelligence worthy of a member who will say that finance is functioning when considered from that point of view. At the moment I do not intend to go into why it is not functioning, I simply state that to my own satisfaction, and following the logical processes of elimination to which I have alluded, finance is the weak spot in our economic circle.

That being the case, what are we going to do? Why are we in this corner called radicals? It is because, faced with these facts as is every hon. member in this house, with the little knowledge of which we are possessed—we have not all the wisdom in the world, but just that of an ordinary, average man—we are prepared to say that if this thing is not functioning, all these precedents, all these accumulations of debt, of interest and of interests will not prevent us from saying: Cut loose from it, remedy the weakness and have a financial system which will achieve the purpose for which it was born and created. I do not care how good it is for piling up debts; I do not care how efficiently it functions in providing interest for bond investors; I do not care how skilfully the bankers or the financiers are functioning as wholesalers and retailers of a commodity termed money; I do not care how much it means to them and what hardships will be involved to these few men, if the system cannot do that for which it was created, then it must be changed.

Much will have to be done; this is not the end, it is but the beginning. We will do first that thing which comes first to our hand and which every logic and all experience points to as being the right thing to do—we will create a central bank. From that point we will spread out until the nation controls the credit of the nation. Why do I say that? I am not making a statement simply for the fun of making one. I make it for this reason: It has been admitted by many hon. members in this house, including the Prime Minister, that the basis of all credit, no matter whether it functions through banks or industrial companies or otherwise, is the wealth of the nation, the productive power of all the people. That fact was admitted when the power was sought to place behind the tottering financial institutions of this country the financial credit of the nation itself, as was done a year ago. The true basis of all credit is in the nation and in the people of the country. If the people of the country create the basis of our credit, if credit itself is the lifeblood of our country rather than a money-making proposition, rather than an industry in itself in which profit is considered indispensable, then I say that from both points of view the nation itself that made the credit should control it, not for the good of the few people to whom we have given it and from whom we can take it away, but for the good of all the people in this country.

I am not unmindful of the fact that this country does not live within itself. I am not one of those who believe that we should live by ourselves. I think we could do it if we had to—we could cut down our production of wheat by four-fifths and produce only enough upon which to live—none of these things are impossible, but they are all extremely improbable and not very wise. We could live within ourselves, but it would be very foolish to do so. We would be attempting to sweep back the rising tide which is drawing the countries of the world together, and, I hope, gradually making of them a great commonwealth of nations. I am not unmindful of these facts; but surely a credit based upon the nation itself could be made just as available for intercourse with other countries as a credit based upon gold or upon the say so of a few financiers. Surely that is not impossible. It is an easy matter for those who disagree with us to say that it would be difficult. Of course it would be difficult, but nothing worth while in this world can be achieved without difficulty.

It will be difficult, but what is the alternative? What is the alternative to moving forward and attempting to tear out the roots of unemployment? Stay where we are. I am one of those who prefer to move forward, neither tolerating, on the one hand, turbulent violence and destructive anarchy, nor, on the other hand, accepting that passive inertia the end of which is death from dry rot. We cannot stay as we are; there is an inexorable law of nature which says that you must move forward or backward. At the moment we are steadily moving backward. Every additional unemployed, every additional man, woman or child that goes on relief, is a step backward, a step nearer disintegration. When we are told that the problem is difficult, we say: Yes, it is difficult, but not impossible, and surely it is better to go forward and meet and conquer difficulties than to stand still and die like a coward or a slave.

I am not in the habit of using strong language, but this is a serious subject and some of us feel rather strongly in regard to it. I am not one of those who say that we alone have seen what is going on around us or realize the suffering. All hon. members realize the suffering; I venture to say that every one of us feels as bitterly as I do about it. The only difference is that I am not bound—I am not talking about partyism now—by old precedent or to any ancient belief. I have been able with a tremendous effort to throw that off and am prepared to go forward as long as I am wholly certain that the road along which I am moving is a sound one and that the objective which I seek to attain is also sound. What objective do we seek to attain? The elimination of unemployment? Yes, partly that, but seek also to attain something

else, something that we are bound to meet, something at which at some time we are bound to succeed. We are moving forward to the time when one simple thing will be accomplished, and that is when this world's wealth, which this system has enabled us to create, will be used for the benefit of those who created it. We have the key to unlock the door which opens into nature's great storehouse of plenty which science has made available to us.

Mr. ANGUS MacINNIS (Vancouver South): Mr. Speaker, of all the depressing things that have come to my attention since the beginning of this depression, the most depressing was the speech of the Minister of Labour (Mr. Gordon) in presenting this resolution to the house on Friday last. It was bereft of hope; it was without plan or policy and even, I believe, bereft of any understanding of the fundamental causes of unemployment. The hon. member for Red Deer (Mr. Speakman), who has just preceded me, explained at some length the causes of unemployment, and though I may not entirely agree with him, yet I am in sufficient accord with him not to take any exception to what he has said. We can, however, put the causes of unemployment on a more simple and fundamental basis than the hon. member for Red Deer has done. Unemployment is really not something to be afraid of or that we should consider an evil. It is only when we have unemployment coupled with certain conditions that the fact of unemployment becomes undesirable.

Very early in my life I came across the fact that work was something that was given to man as a punishment. I noted that when Adam was driven out of the Garden of Eden, the punishment meted out to him because of his sin was that he would have to work. I notice also that when a judge wishes to be particularly nasty with anyone who comes before him, in rendering sentence he says: Five or ten years with hard labour. In my reading of history I have also noted that primitive man was not in the least afraid of being unemployed. When nature was kind to him and her fruits were plentiful and easy of attainment, he did not have to work so hard; he had more leisure and consequently was a great deal happier. In the next stage of human society, that is barbarism, the same thing occurred. When nature again was kind, man could get his living so much easier and consequently he had much leisure, or unemployment, if you like, and was much happier. It is only when we come to the present system, that of capitalism, under which the machinery of production is owned by one class in the community and operated by another, that unemployment is undesirable, and it is only undesirable for a certain section of the community. It is not undesirable for those who own the machinery. They do not worry about not having to work; in fact, they greatly enjoy their good fortune. Because they have not to work, they go to the West Indies or some other warm country in the winter; they go to the lakes in the north in the summer and they have a good time living at the best hotels and having all the best things of life. It is only the working class—who produce the goods of the world, who feed these people who live in idleness,—who are afraid of unemployment. That being so, we find that unemployment arises because of the social relationships that exist in human society. Unemployment will not be cured so long as those social relationships continue. There is the cause of unemployment, very briefly and very fundamentally too. Maybe hon. members will not agree with me, but it does not make any difference whether they do or not. That is the cause and it will have to be realized before a solution for unemployment can be brought about.

The only hope the minister has to offer us is economy, that it is costing less to-day to deal with the unemployment situation than it did two or three years ago. When this government came into office we had a special session of parliament to deal with the question of unemployment, and I should like to read from the records a short paragraph to show how the Prime Minister (Mr. Bennett) at that time thought the unemployment situation should be dealt with and how he pointed out that economy was not the way to deal with it. On page 91 of Hansard of September 11, 1930, the Prime Minister, in order to indicate what would be the effect of the $20,000,000 that he was asking from parliament, had this to say:

> That is, if a public work is undertaken in a community where there is considerable unemployment of one class, and that class thereby finds employment, then there will be a reaction of course, for the benefit of other classes who are also unemployed. By reason of the fact that employment is given to the workers in class A, the workers in other classes will benefit from the result of that employment. In other words, moneys will circulate through the productive effort of those who are paid for their services, and enure to the benefit of other classes in the community, both men and women, whether they be clerks, of whom more will be required in offices, stenographers, of whom more will be required in the counting rooms, or those who work in restaurants, or those who provide food or clothing. That has been the experience of the world, and no one knows it better than the right hon. gentleman himself.

He was referring to the leader of the opposition (Mr. Mackenzie King). What I wish to point out is this: that if the Prime Minister were correct in saying that with the spending of money further activity would accrue than that directly created by the expenditure itself, that reactions in other ways would be caused, then the reverse is also true; that if we economize here by a reduction of wages, there by a reduction of unemployment relief, that economy will have reactions through curtailment of economic activities in spheres altogether apart from where the actual economy has been put into effect. So that the more the Minister of Labour or this government economizes, the more unemployment will increase. That is a fundamental economic fact from which there is no need to try to get away. No doubt he expects to get away from it by putting people back on the land. Because in the last fifty years the urban population has increased from eighteen per cent to something like fifty per cent of the whole, he is convinced that such increase in urban population has been the cause of our economic difficulties. I do not believe that has been the cause.

Mr. GORDON: I said it was only one of the causes.

Mr. MacINNIS: I do not wish to imply that the minister said it was the whole cause. If he states it is only one cause, I shall accept his word. I do not believe, however, that it is even one cause.

Mr. GORDON: Very few men in Canada would agree with you.

Mr. MacINNIS: Possibly the rest of them are wrong.

Mr. GORDON: Likely.

Mr. MacINNIS: Both city and farm workers to-day are engaged in agricultural production. The farmer who produces wheat for a world market is not alone in that production; he is merely taking part in its production. The man who lives in the city and helps to make a tractor, the man who lives in the city and helps to make a truck or a wagon, the trainmen, the seamen who transport the wheat—all are engaged in the production of wheat, as much as the farmer who does the work on the land. This is equally true of those who are engaged in the production of other agricultural products. If these products were consumed on the farm where they are produced, then the original producer would be alone responsible. But they are produced for a world market, and their production is not complete until the ultimate consumer is reached. Between the farmer in the field and the ultimate consumer there is a host of workers which takes as great a part in the production as does the farmer on the land.

I do not believe there is much use putting people back on the land when those who are there to-day cannot remain. They cannot make a living, and they cannot bring up their children. As a matter of fact, because of the difficulties they have to face, farmers are finding difficulty keeping their wives with them. In the Ottawa Citizen of February 14, there was a Canadian press item from Calgary wherein Charles Robertson, secretary of the Canadian Legion, Alberta division, declared that settlers who took up farms under settlement schemes were leaving the farms and coming into the cities because under present conditions they found it impossible to meet their obligations.

While I am on this point may I say that in my view a very serious principle is involved in the back to the land movement. The people being put on the land under these schemes go with the idea that they are to produce only for themselves, that they are to make only their own living, and at least at this time they will not come into competition with farmers already on the land. Such a movement, as a matter of fact, tends towards the creation of a peasantry in Canada, a peasantry which will eke out a precarious living from the land when there is nothing to be done in the city. That peasantry will form a labour reserve to be called upon at a time when working conditions in the cities improve. Such a condition will be dangerous to the people affected and dangerous to workers in the cities. Certainly Canadian people should look carefully into the movement before they give it the mark of approval. While we are dealing with unemployment—

Mr. GORDON: The Trades and Labour Congress of Canada approves of the idea of settling people on Canadian lands.

Mr. MacINNIS: That may be quite so, but it does not necessarily follow that everything of which the Trades and Labour Congress of Canada approves must be right. I take the liberty of differing from the congress any time I feel like doing so.

We should deal with the unemployment problem from two points of view. First of all, if it is a temporary problem and if it is only a matter of time until the workers will be back into industry, I would say that possibly the provisions the government are making would meet the situation. If a man

knows he will be out of work only a few months or a year, but that at some certain time he will return to industry, then I believe the providing of assistance might meet the circumstances. But the abnormal situation has existed for so long that no one can say when, if ever, workers will return to industry. Not only can we say that, but everybody who has given intelligent consideration to the matter must realize that industry can never again absorb more than fifty per cent of workers now unemployed. With that fact we must remember that throughout the world there are 30,000,000 people in that unfortunate position.

In this connection I should like to quote the words of Ramsay MacDonald, the Prime Minister of Great Britain, as delivered recently in the House of Commons upon the occasion of the opening of the session. He said:

> Moreover, in the study of who the unemployed are, and what are the prospects of the unemployed in this country, even if normal trade were restored, we are faced with this fact and nobody can deny it.
>
> We are faced with the fact that a large number could be reabsorbed into industry. If the coal trade improved, through hydrogenation or any other expedient, more miners would be employed. If iron and steel revived more iron and steel workers would be employed, but we are going to have in the future a larger production by the use of scientific methods than we have ever had before, and a very substantially lessened body of working men and women engaged in production.
>
> What is to be done about the remainder? There is the problem, and this government is the first government to face the actual problem that when trade has become brisk, as anybody can naturally expect trade now to become for this country, we shall still have a residuum. We shall still have a population which, were they not human beings—

Note this—

> We shall still have a population which, were they not human beings, one would describe—merely for the sake of making quite clear what their position was—as scrap.

Hon. members will note that so far as the Prime Minister of Great Britain is concerned—and I shall quote other members of the British cabinet who hold a similar view—a great portion of the unemployed may be considered as mere scrap. The article continues:

> Are we going to allow, is this nation going to allow, great bodies of men and women, perhaps even amounting to a couple of million, to be to all intents and purposes in our society superfluous scrap? The government, so far as they are concerned, say No! Therefore the problem of unemployment is not one of temporary relief.

Sir, we have come to the stage where the problem of unemployment is not one of temporary relief. There you have the view of the leader of the British House of Commons, the leader of the national government. May I quote again briefly from the Chancellor of the Exchequer, Mr. Neville Chamberlain? He said:

> They must recognize that, while schemes they put forward might perhaps provide employment for a few thousands here and there, they could not expect that in the immediate future anything which they did would cut unemployment by, say, half. To deal with unemployment on a large scale, they have got to deal with the causes which brought it about and which were not confined to any one country but operated all over the world.

I do not wish to quote any more, but here are two gentlemen whose opinion I believe the Minister of Labour and other members on both sides of the house will consider to be of some value. Let me say again that our problem of unemployment is, like the problem of unemployment in the old country, like the problem of unemployment in every country of the world, not a temporary but a permanent problem.

The minister takes great credit for the reduction of relief costs from $46,000,000, I believe, in 1931, to something like $25,000,000 in the current year, although he said the number on relief has greatly increased in the past year. I quite agree with him that the number on relief has greatly increased. In May of last year the number who were receiving direct relief from the Dominion government was only 718,000. Every month from May until January the number has continued to increase—

Mr. GORDON: That is not correct.

Mr. MacINNIS: Every month except one. For September there was a reduction from August. I have the figures here, if the hon. gentleman would like me to read them. I got them from the Department of Labour.

Mr. GORDON: No, I have them here.

Mr. MacINNIS: I think the hon. gentleman will find I am correct. In so far as these savings that he speaks of have been effected by a lessening of political graft in the handling of unemployment relief, it is all to the good, even if the unemployed do not benefit. But all the saving that has been made, with that exception, has been made at the expense of the unemployed, made at the cost of ever lessening relief.

Mr. GORDON: That is not correct.

Mr. MacINNIS: It means a lower standard of living, more misery, slow starvation in the midst of plenty. And may I say in regard to this matter of cost that we are merely counting

the cost in terms of money? Unemployed workers do not eat money, neither are they clothed in money. They eat food, the product of human labour, and if they are clothed at all they are clothed with the products of human labour. And this has only been brought into being by those who are working now, or perhaps by some of those who are now unemployed. The money phase is only a bookkeeping procedure for the owning class in this country in order that they may know what disposal was made of their share of production.

As to the question of clothing for the unemployed, I understand that single unemployed men working in the camps—or in the camps, whether working or not—are being provided with clothing. But there are a great many on direct relief in the cities who are receiving no clothing at all, or for whom there is no provision in the relief schedules for clothing.

Mr. NICHOLSON: What cities?

Mr. MacINNIS: In the city of Vancouver the number of families on relief on February 15 was 7,130, an increase of 306 in the preceding two weeks. For these 7,130 families there is no provision for clothing in the direct relief. I have here an item from the report of the Vancouver Welfare Federation, consisting of a number of societies formed for the purpose of looking after the needy. Mr. Willard Kitchen, one of the directors, reporting to their annual meeting on the question of clothing, said as follows:

> Regarding the problem of clothing for the needy which the federation attempted to meet, with indifferent success by inclusion of a special fund for this purpose in the 1933 campaign, Mr. Kitchen stated that the directors had reached the conclusion that private charity cannot indefinitely meet this need and that the problem must sooner or later be faced by the governments of the city and province in conjunction with the dominion government.

I think that is proof enough that the clothing problem is not being cared for now in direct relief.

I have here another statement, an editorial from the Vancouver Province, when the usual appeal was made for discarded clothing. At that time—this was last November—the number of families on relief was some 6,000. The Province said:

> They are drawing allowances for food, but nothing whatever for clothing, and as they are without work and without incomes they have no means of purchasing.

Then it goes on to say:

> The lack of clothing falls with particular severity on the children. Without adequate clothing the little folk cannot go to school in the winter weather, and missing school at this time means even more than missing a drilling in the three "R's." It means missing five or six hours a day in a warm and cheerful atmosphere. It means missing interesting contacts. It means extra hours in a home want-ridden and often gloomy.

And these were the homes that our friends opposite were afraid the Cooperative Commonwealth Federation might take away from people should they ever get into power!

> The great need is for clothing for the children. But something must be done for the grown-ups too. There is an old saying to the effect that the coat makes the man. It is equally true that the lack of the coat unmakes him. And every woman, even if she has had no such unhappy experiences herself, can imagine the black despair which poverty can breed in the breast of an unfortunate sister.

I presume she can also realize the great pleasure it gives her to go out wearing some other woman's hat.

The minister in his speech made some reference to the destruction of individualism, and said that the individual himself would have to do something in order to meet the situation he was confronted with through this world wide depression. It is rather strange that the minister should take that position. The Prime Minister, and I believe most others on the government side of the house, tell us that the economic condition is a world wide one and that nothing can be done except by international action, yet the Minister of Labour says it is up to the individual to do something. If the nation cannot do anything, surely it ought to be conceded that the individual cannot do anything that will be of any appreciable effect. The governments of the world, this country included, ought to realize that the world is facing a situation such as it has never faced before. Economic changes we have had before; economic systems have given way and others have taken their place, but now we have a breakdown of an economic and social system with the world on an industrial basis, something we never had before. All other changes came about when world economy was much more simple, that is, when world economy was on an agricultural basis. In that case the individual was in close contact with his means of life, but now we are living in a state where, with our huge industrialized cities, we have millions of workers divorced from every contact with their means of life and if they are to live and work for their living that work must be organized for them by some force outside of themselves. It is quite useless to tell the individual at the present time that he must do something for himself. As a matter of fact we must cooperate whether we like it or not, and let us not forget that

every step that has been made in human progress has been accomplished through co-operation. Now cooperation is necessary on a scale greater than was ever known or even thought of before, or back to the jungle we go. That does not mean at all that individualism will disappear, but under these conditions the individual can give the greatest expression to that individualism only through cooperation.

I do not think it is necessary to say anything to impress upon this house the seriousness of the unemployment situation and the great increase in the number of unemployed that is taking place. When the census was taken in June, 1931, it showed that Canada's wage and salaried workers numbered 2,564,879, of whom 81·39 per cent were working. Those not at work numbered 471,668, or 18·6 per cent. In that month the index of employment stood at 103·6, while last December it stood at 83·2, a decline of 19·7. Thus the number of people employed in December would be 2,093,211, which, less 19·7 per cent, would be 1,680,849. With the population increasing at the rate of 1·8 per cent per year the number of employable salaried and wage earners in December would be 2,634,130. When the number employed in December is subtracted from this figure it will be seen that 957,281 were not at work, so we can see the enormous increase in unemployment, and there is no indication that in the near future there will be any let up. If we are going to deal with this question effectively we shall have to deal with it in a more comprehensive and fundamental way than we are doing at the present time. As as matter of fact now we are only adding to the depression instead of relieving it. Speaking on Friday evening last and referring to the lack of policy on the part of the government in respect to unemployment, the leader of the opposition (Mr. Mackenzie King) said:

> With respect to the first, the present government's policy is that of the dole, 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.

It is rather strange how the Liberal party changes places with the Conservative party every once in a while. When the Prime Minister introduced his unemployment relief bill in 1930 he made the following statement:

> Many of us who sit on this side of the chamber believe that the policies of a government in a new country with practically untouched resources is responsible for unemployment. Those who sit to your left, Mr. Chairman, are of the other view and believe that world wide conditions have brought about this result.

Now we have the leader of the opposition taking the position that the policies of the government are causing unemployment, while on the other hand the government takes the stand that their policies have nothing to do with it, that it arises out of world conditions over which they have no control. However, whether world conditions are responsible or whether the policies of the government are to blame I believe we must have some policy in this country to deal with the unemployment situation regardless of what the rest of the world may do, either that or possibly go down to ruin with the rest of the world.

The leader of the opposition offers two proposals, one of a temporary nature and the other somewhat more permanent. The first is a national unemployment commission. I do not see that such a commision could accomplish a great deal. Possibly it could deal more effectively with what the government is doing at the present time, but certainly it could not initiate policies unless the government favoured that action being taken. The other proposition brought forward by the right hon. gentleman is unemployment insurance. While we in this corner of the house, particularly the labour members, always have been in favour of unemployment insurance, we never suggested it as a permanent cure for unemployment. It is a more scientific and better way to deal with the unemployment situation than anything we have at the present time, but where unemployment insurance is in effect the unemployment problem also exists and is just as crushing as it is here.

May I say in addition that while we would welcome unemployment insurance we quite realize that it is not the solution of the unemployment problem. Unemployment insurance, to have any particular effect, should have been put into operation some years ago. The time to take out an insurance policy on your life is not when you are on your death bed; the time to look after an insurance policy on your building is not when it is on fire, but that is what we are doing at present. There is practically no possibility of arriving at a satisfactory basis at the present time because with the increasing hazard a stable premium would be exceedingly hard to find. How can you make it contributory insurance when you have possibly 900,000 unemployed at the present time who cannot contribute and who have no employers to contribute for

them? If these men are to participate, a fund will have to be created by the government. For these reasons we feel that while we shall welcome unemployment insurance and while we hope the government will bring down the bill very quickly, it is not a solution to the problem. We feel that something more fundamental will have to be found.

The minister closed his speech with an expression of confidence in the future. I notice that last year, some time in May, he concluded on the very same note. He said, on February 24 of this year:

> I have myself a confident belief that with the gradual turn towards other vocations than those which have afforded a certain sense of security to our people in the past, and better business conditions, it will not be too long delayed when the granting of direct relief to our citizens will disappear.

If the Minister of Labour has nothing to offer but a mere expression of confidence that something is going to happen at some time in the near future which will improve business conditions, then it is hardly worth mentioning. His prophecy in that direction last year was not fruitful of much result. All you have to do is to look at the trend of industry. The monthly index of Canadian business conditions, as worked out by McConnell & Ferguson Limited, shows the percentage of business at the lowest point it has reached since the beginning of this depression, and a falling off from a year ago which is very marked. Let us take the four basic factors, all of which have lost ground. In December, 1931, car loadings of revenue freight were 72·5 of normal; on the 1st of December, 1932, it was only 64·9. Construction contract awards, in December, 1931, showed the figure at 85·6, and in 1932 it was 65·1. As regards bank debits, on December 1, 1931, it was 88·6, and on December 1, 1932, 79·5. In electrical energy output, on December 1, 1931, the figure was 82·6, and on December 1, 1932, it was 76. Now, the unemployment figure given us shows the same thing—an ever-decreasing business and an ever-increasing unemployment, and I hope that before this session is over the government will bring forward something that will be of greater benefit to the unemployed than anything they have so far given us.

Mr. P. F. CASGRAIN (Charlevoix-Saguenay): We are asked by this resolution to endorse the principle that it is expedient to introduce a measure to continue in force the provisions of the Relief Act of 1932 until March 31, 1934. If I understand correctly, the purpose of the resolution is to revive and put into force for another year the same bill brought down last year over which there was so much contention regarding the large powers given the government to solve the unemployment problem. The complaint made at that time by members on this side and by other members as well was that powers which were by far too wide were given the government in dealing with this matter. It was then contended that it was a usurpation of the powers of this house in view of the fact that the government had the right to do almost anything, that they had a blank cheque given them, which would surely result in trouble. We have had this afternoon an admission from the minister that these very results have ensued.

The contention was also made last year that the parliament of Canada, which under that measure was giving large sums of money towards the relief of unemployment, was being deprived of the control of that money by the persons who were to spend it. We argued then on this side of the house, and rightly so, and our leader (Mr. Mackenzie King) in his brilliant speech a few days ago in this house once more referred to the same thing which he advocated last year and the year before, that in order to solve this problem properly it would have been far better at the very outset of the present situation to organize a national commission which would be dominion-wide, to deal with unemployment, having pretty much the powers given to the imperial purchasing commission during the war, and to other such bodies which were working under the direction of the federal government. That was the opinion of my right hon. leader, and it was shared by all those on this side of the house and by a considerable number of the people throughout the country. Had such a commission been appointed, the things that have occurred in the province of Quebec and in various other parts of the dominion would not have taken place—such things as were referred to in the house this afternoon by the hon. member for Témiscouata (Mr. Pouliot). I do not say that I would subscribe to everything that the hon. gentleman said but I do say that in what was put before the house this afternoon, when the situation was so clearly explained by that hon. member, we have in a nutshell the situation as it has existed not only in certain parts of the province of Quebec but elsewhere as well, under this very measure which we are now asked to enact again.

I was surprised to hear the Minister of Labour (Mr. Gordon) say this afternoon that if there were reasons for complaint such as were indicated, and if the back to the land movement had not brought the results anti-

cipated, it was not the fault of the government but the fault of those administering the legislation in the various provinces, in this instance the province of Quebec. The minister expressed great satisfaction with the organization in the province of Quebec, but he washed his hands so far as objections were concerned with regard to the working of the relief measure, and he did so on this ground. He said, "We have no control of the matter. We have nothing to say as to where people are to be located, in what districts they are to be settled, because it is all done through the organization." Well, that brings me to the point which we emphasized last year and which my right hon. leader touched upon the other day, when he said that it would have been far better if a commission had been appointed to deal with the whole matter, so that this parliament of Canada, which is supreme and which is playing the leading part in the settlement of this problem, would have been in a position to control expenditures not only in the province of Quebec but throughout the country, and we should not have had the spectacle of the minister standing up today and telling us—quite honestly, I say to his credit—that the government were not responsible for what had taken place because they had no control over these things. I submit that this is one good reason for complaining about this legislation, because it deprives parliament, the representatives of the Canadian people, of any say in the matter, although we have to vote the money. It deprives parliament of any voice in regard to the distribution of the money. I do not think we can stress that point too strongly, because it is a complete vindication of the position we took on this side of the house last year, the position stated by my right hon. leader then and in the previous year, and which he referred to once more in his speech on Monday last.

Last year when similar legislation was before the house we stated that there might be certain cases where the provincial government, without intending to evade the law or without intending to do anything wrong, might find itself in a position similar to that outlined to the house this afternoon by the hon. member for Témiscouata. I do not intend to traverse all the ground covered by the hon. member, but in view of what has been stated this afternoon I think the hon. minister owes it to himself, to this country, to his government and to his leader to see that in future we do not have such things as have been outlined to this house. In 1930 the government said that it would settle the question of unemployment, but it has not done so. As has been suggested from this side of the house, the government should take this matter in hand and deal with it in such a way as finally to settle the question.

After all, the question of unemployment rests with this parliament. I remember hearing the Prime Minister (Mr. Bennett), when sitting on this side of the house, state that this was a national question, that it was too big for the provinces and the municipalities. He said that the federal government ought to step in and take charge of the matter, and that if he were called upon to prescribe, he would settle the question. I submit that now is the time for the right hon. gentleman and his Minister of Labour to redeem the pledges made in 1930. When that is done we will not have to listen to such complaints as have been made this afternoon by hon. members on this side.

If I wanted to make a long speech and weary the house for many hours I could read into Hansard many reports made by officers of various departments of the government. These reports were prepared as returns to questions I put both this and last session. Instances are cited in my own county where relief work which should have gone to those in need was given to those who had plenty. Such facts back up the argument we have been advancing for the last three years to the effect that a national commission should be appointed to deal with these matters. Just the other day the Minister of Public Works (Mr. Stewart), when told of an instance of this character, stated that an investigation would be made to ascertain the facts. It will be found that in many cases this relief money has not reached the people who were most in need of maintenance.

Up to the present time this legislation has not met the requirements of this situation. I am not opposed to the principle of the legislation, because I think a situation has developed where the government of the day must take the matter strongly in hand and deal with it in a proper way. We hear prominent people friendly to the administration saying that a national government is needed. When such a course is advocated it shows that there is dissatisfaction with the administration. This government has failed utterly to discharge its duties and implement the promises made in 1930. As has been said before, and as may be said now, we do not share the view that a national government is needed. We believe that what is needed is a change of

government, because the present government instead of taking the country out of its distress is quickly piling it upon the rocks.

After three years in power all that the government has done, to quote the words of the Postmaster General (Mr. Sauvé) this afternoon, is to do the best it could. Its best has not been very much, because the situation has not been improved. It is worse than it ever was; it is surely worse than it was in 1930 when the government came into power. The situation will not right itself even with the assistance of this measure. Unless the government is willing to put its ear to the ground to hear what is going on, it cannot meet the wishes of the people. This legislation is simply a last resort because the government has nothing else to offer. The only thing the government seems able to do is to renew legislation which has utterly failed to meet the needs of the country and to implement the promises made in 1930.

Would Your Honour call it eleven o'clock?

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

Friday, March 3, 1933

The house met at three o'clock.

PETITION

The clerk of petitions reported that he had examined the following petition and found that it did not comply with the requirements of paragraphs 4 and 7 of standing order 68 and therefore should not be received:

Petition of Duncan A. Campbell, and 6,695 others; demanding that the government institute immediate control of the mechanism of foreign exchanges; also a stay of proceedings for the foreclosure of mortgages and collection by forced sale.—Miss Macphail.

RAILWAY COMMITTEE

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

That the name of Mr. Heenan be substituted for that of Mr. Dubuc on the select standing committee on railways, canals and telegraph lines.

Motion agreed to.

PENITENTIARY ACT AMENDMENT

PROPOSED APPOINTMENT OF OFFICIALS BY GOVERNOR IN COUNCIL

Hon. HUGH GUTHRIE (Minister of Justice) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to amend the Penitentiary Act to provide that the governor in council may appoint a superintendent of penitentiaries; and may appoint such inspectors, wardens, deputy wardens and other administrative or executive officers as may be required, with such salaries as are approved by the governor in council; and that the superintendent, upon the recommendation of the warden, may appoint such guards, trade instructors and other subordinate officers and employees as are necessary, with such salaries as are approved by the governor in council; and to make further provisions in respect to gratuities paid to officers on retirement and the widows or dependents of officers who die in the service.

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.

RAILWAY WAGE REDUCTIONS

On the orders of the day:

Mr. HENRI BOURASSA (Labelle): May I call the attention of the Minister of Railways (Mr. Manion) to what seems to be a concerted direction given to employees of the Canadian Pacific Railway. I have received within the last few days five or six letters in which it is intimated that a further cut of ten per cent is going to be made by the company in wages, of which I know nothing; but besides, that the matter is to be dealt with by a committee of the house. I was rather surprised at the contents of those letters, but as the statement is contained in every one of them I presume some kind of intimation must have been given to these employees. Perhaps the minister could enlighten the house?

Hon. R. J. MANION (Minister of Railways): The hon. member for Labelle was good enough to tell me he was going to ask this question. Perhaps it is as well to point out now as at any other time that there seems to be in this letter which he gave me, and in the other letters to which he draws attention, an entire misunderstanding of the whole question of wages on the railways. I have read in the press and been told informally by railway men that the managements of the two railways have proposed to the men a further decrease in the scale of wages. However it is obvious that this house could not appoint a committee to deal with the matter, because it is not directly within the power of the house, or the government to interfere with it in any way. It is a matter entirely between the managements of

the two railway companies and the men's unions. So that I am not able to offer any other suggestion to my hon. friend except that he might explain to his correspondents that neither the house nor the government has any power to interfere in the matter.

SURVEY OF NATIONAL PORTS

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): I would like to ask the Minister of Marine (Mr. Duranleau) if it is the intention of the government to introduce legislation to implement any of or all of the recommendations in the Gibb report?

Hon. ALFRED DURANLEAU (Minister of Marine): We have at the present time under study a bill concerning the management of the national harbours of Canada.

UNEMPLOYMENT AND FARM RELIEF

CONTINUATION FOR ONE YEAR OF PROVISIONS OF RELIEF ACT, 1932

The house resumed from Thursday, March 2nd, consideration of the motion of the Minister of Labour that Mr. Speaker do now leave the chair for the house to resolve itself into committee of the whole on the following resolution:

Resolved, that it is expedient to introduce a measure to continue in force the provisions of the Relief Act, 1932, until the 31st of March, 1934.

Mr. J. L. BROWN (Lisgar): Mr. Speaker, I am not going to delay the house by any long speech on this subject. We have already had a great many speeches dealing with the stress of unemployment in its various aspects and the question of relief for those in need, but I want to call the attention of the Minister of Labour (Mr. Gordon) to a specific case which I think, in view of the action of the government, or at least the failure to take such action as was requested of them, calls for special consideration. I had occasion when we were meeting here in the fall to call the attention of the government to this matter, and to-day I wish to take the opportunity of calling it to their attention again. In the southern part of Manitoba, part of which lies in my constituency, the grasshopper plague has prevailed for two years. In one particular section the field and garden crops as well as the potato crop were destroyed by grasshoppers. Last fall when I brought the matter to the attention of the house, I stated that I had received word from some people in my constituency apprising me of the situation, telling me that potatoes were available across the line in the state of North Dakota at the price of ten cents a bushel, and asking me to take the matter up with the government. I did so, I communicated with the Prime Minister, with the Minister of Agriculture and the Minister of National Revenue. The Prime Minister and the Minister of Agriculture referred me to the Minister of National Revenue, who in course of time gave me an answer. His answer was a refusal to admit the potatoes free of duty. In his letter he asked me this question, which shows the attitude of mind of the minister towards these matters. The question was: Do you think ten cents a bushel is a fair market value? Well he did not need to ask me that, everyone knows that potatoes cannot be raised for ten cents a bushel. Nevertheless the fact remains that on the Dakota side of the boundary, where they grow large areas of potatoes, for which usually they have a good market, potatoes could be got at that price, because they were unable to sell them elsewhere. I communicated the decision of the minister to my people at home, but they came back at me with further letters and telegrams. By this time it was possible for them to get the potatoes for nothing; that is, they could have them for the digging. Again I approached the Minister of National Revenue (Mr. Ryckman) and the answer I got was that there were better ways to take care of the situation than by creating sectional tariffs.

I want to know what are those better ways; if the government has a better way of relieving those people I should like to know what it is. It was bad enough when they could not get potatoes for table use, but now the time is coming when they will need them for seed purposes. I think in view of the answer given me by the minister I have a right to ask of the government what that better way is. How do they propose to supply the needs of those people?

Mr. SMITH (Victoria-Carleton): Would the hon. member permit a question?

Mr. BROWN: No. I do not propose at this time to go into any lengthy discussion of tariffs, but it does seem to me that it is carrying the theories and principles held by hon. gentlemen opposite to an extreme when they will not allow us to obtain goods from a foreign country if we can get them for nothing. That is the situation which confronts the people in my constituency.

Mr. HACKETT: What about wheat?

Mr. BROWN: For two years in succession our crops have been destroyed by grasshoppers, yet this government would not allow those people to get potatoes for nothing when they had not the money with which to buy them elsewhere. I think I have a right to

ask the government to give consideration to this special case. They would not allow these people to get relief in a way that would have cost nothing, so now I want to know what is the better way to which the Minister of National Revenue referred.

Mr. SPEAKER: Shall the resolution carry?

Hon. P. J. VENIOT (Gloucester): Before this resolution carries I should like to direct the attention of the government to a situation which exists along our shores, particularly along the straits of Northumberland, the gulf of St. Lawrence and the bay of Chaleurs. Perhaps the provinces of Nova Scotia and Prince Edward island are affected as well.

I am the last one, Mr. Speaker, who would desire to countenance the violation of any of the laws we have established for the protection of game and the fisheries, but with the present conditions of distress, especially in the county which I have the honour to represent, I would ask if it would not be possible, as a relief measure, for the government to extend some of the seasons and not rigidly keep them as closed seasons. I well know that there is a treaty between Great Britain, including the Dominion of Canada, and other nations of the world for the protection of wild birds, and at certain periods during the year the season is closed. But you can readily understand, sir, that people with empty stomachs and with children at home wanting for food, know no respect for law. In order to prevent them from becoming criminals through the violation of the law as it now stands, I would ask the Minister of Marine (Mr. Duranleau) or the Minister of Labour (Mr. Gordon), whoever is in charge, to consider the possibility of extending the season or declaring the season open for next year.

Conditions are not improving in northern New Brunswick nor, I believe, in other parts of the dominion. If this season could be left open next spring and fall it would contribute materially to the relief of the poor people along those shores. The officers of the government in charge of the enforcement of the law, especially the mounted police, are showing no mercy; the county gaol of Gloucester has had as many as fifteen or twenty heads of families imprisoned for violation of the game and fisheries laws. I have mentioned the act protecting game birds. These birds abound in northern New Brunswick, and it will be readily understood that when the father of a family, knowing that his children are suffering from lack of food, sees within gun shot of his residence thousands of brants and geese the temptation to violate the law in order to obtain food is very great. I think no great harm would come to wild bird life if these people were given an open season at least for one year.

The same arguments apply to the fisheries. Certain sections of northern New Brunswick have a closed season for lobsters, I think from June or July each year. Last year the lobster season, especially in the bays, was an absolute failure, while later in the fall, after the lobster had shed its shell and taken on a new coat, there was a great abundance. Yet if those people ventured out in order to obtain food for their families they were imprisoned. I have no fault to find with the officers. They are sent there to do their duty, and having received no contrary instructions from the department they have to carry out that duty according to the solemn oath they have taken. However, I would ask the Department of Fisheries seriously to consider granting a fall open season for at least one or two years in order to permit lobster fishing to be carried on in northern New Brunswick. If this is done it will relieve the federal, provincial and municipal governments of the necessity of spending a great deal of the money now necessary to relieve the distress which exists among the people along those shores. It is very hard indeed for them to conform to the law when they see that a few miles beyond an imaginary line lobster fishing is permitted, beyond Chockpish in the county of Kent, which is only perhaps eighty miles from the northern counties. I am referring to lobsters fished in the fall of the year from some time in September to the middle of October, down to Cape Tormentine. In the spring of the year, when the season is open in northern New Brunswick, the fishermen from that lower section come up and fish in our waters. Our people are too poor to go from their homes and fish beyond the imaginary line between Cape Tormentine and Ste. Anne de Chockpish in the county of Kent, because the only fishing they wish to have the liberty of engaging in at that time is to catch enough lobsters, not for public sale but for the nourishment of their families.

It may be said that they will violate the law, that they will abuse the privilege given them. I am free to admit that there will be some who will abuse that privilege, but it can be regulated under instructions from the department given to the officials or the mounted police in charge of that district, to see that no abuses shall take place. They are on the ground, they have their patrol boats, and they can visit these fishing grounds and issue permits to these people to lay traps

and catch a certain quantity of lobsters each day.

Touching the rigid enforcement of the law, the same thing applies to the fishing of oysters in the county of Gloucester. I am thinking of a particular case in point where I think it would be well for the Minister of Fisheries to look into the matter. Under the present law the size of oysters to be caught was fixed two years ago; the round oyster was fixed at 3½ inches—that was the smallest allowed to be fished—and the long oyster was 4 or 4½ inches, I believe. Now there are certain sections of the county of Gloucester where the beds have never produced a round oyster of over 3 inches. The nature of the oyster in these beds is such that it reaches its extreme growth at 3 inches in the case of the round and 3½ or 4 inches in the case of the long oyster.

Mr. SPEAKER: I do not wish to interrupt the hon. member, but surely the subject he is now elaborating is quite remote from the resolution.

Mr. VENIOT: The resolution relates to unemployment relief, Mr. Speaker.

Mr. SPEAKER: The resolution proposes:

That it is expedient to introduce a measure to continue in force the provisions of the Relief Act, 1932, until the 31st of March, 1934.

Mr. VENIOT: I regret very much indeed if I am violating the rules but I submit that a great deal of latitude has been given others. I should be glad of the privilege of finishing this topic, because I think I am discussing relief measures.

Mr. BENNETT: Not for the last ten minutes.

Mr. VENIOT: Well, if the Prime Minister wishes to raise a technical objection I will take my seat and let him bear the responsibility.

Mr. SPEAKER: Shall the motion carry?

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

Mr. GORDON: Before the resolution carries I want to make a few observations with respect to the bill which is to follow, and that is in connection with the amount to be spent for direct relief. The question of the investing of the executive with power has been the subject of a good deal of debate in this chamber, and the government in the last two years has taken the responsibility of assuming the power without any limitation as to amount. Hon. members will well recall that in 1930 the condition of affairs throughout the world presented a rather alarming picture and it was thought desirable at that time to invest the executive with very wide authority in case matters arose that would need immediate attention, and that authority was exercised through the agency of the then legislation and was continued into the next year.

As hon. members know, the method of providing, first, work on a wage basis and afterwards devoting the attention of this government to help and succor for those in need has been continued up until the present time. After the legislation of 1930 had been in operation, with succeeding extensions, for some fifteen or sixteen months, it was made apparent at a provincial conference that the expenditure devoted towards works and subscribed to by the provinces, municipalities and this government, was too great a burden for those agencies to bear any longer. That subject was debated at length at a provincial conference held on April 9 last year, and it was the unanimous view of the provinces that they could no longer carry on. Of course, it resulted as well in a great deal of difficulty for the federal parliament to carry on and finance, and as a result of that conference it was determined to devote what moneys were available to the relief of those in need and to apply such funds to suit the peculiar situation that might arise from time to time in the dominion. Committees were set up in all the provinces, by the provinces themselves, to deal with their peculiar local conditions.

It has been argued here that a national commission of some sort should have been appointed and should still be appointed for the purpose. That matter was also discussed with representatives of the provinces and the answer was, as one would anticipate it would be, that the administering of moneys to those in need being, as I think every member will agree, peculiarly one for the municipalities and the provinces to deal with primarily and, in a condition of affairs such as at present exists, one to which the federal parliament is justified in contributing, the provinces would not be prepared under these conditions to relinquish their legislative authority and autonomy in so far as that subject was concerned and give it over to the federal power or to any commission set up by the federal authorities.

Mr. HANBURY: Has that opinion been expressed by all the provinces of Canada?

Mr. GORDON: That is my recollection.

Mr. HANBURY: Is there any correspondence to that effect?

Mr. GORDON: I doubt it.

Mr. MACKENZIE KING: I doubt it, too.

Mr. GORDON: That was the view expressed at the conference held at Ottawa on April 9 and it was reiterated just two or three weeks ago at a subsequent conference with the representatives of the provinces. The provinces took the attitude, I think very properly so, that it was one of their functions to do just that thing. Together with the municipalities they were subscribing towards relief more in money than the total of the advances made by the federal authorities. I have no reason to complain about the administration generally within the provinces and I seriously doubt if any commission, federal or otherwise, could have carried on with any more efficiency than the committees set up throughout Canada in the municipalities and the provinces. They have provided economic administration of relief to those in need.

Reverting to my observations made when I first spoke upon this resolution, I may say that as a result of the experience of the last few years, there is a much better organization of effort. Hon. members will understand that it is a most difficult thing to organize and administer a department to deal with a subject matter such as this, one that involves all the complexities of the home and of human life. Each succeeding month has disclosed that the administration is becoming better organized and being placed upon a more efficient basis. However, there is still room for improvement because, as hon. members probably know, there are a few instances where people who did not need relief took advantage of the time and the situation in order to obtain relief from the public treasuries. I do not think I have sufficient facility of speech to describe such people as they should be described. The people of this country are straining every effort at this time to provide assistance for worthy people who find themselves in need and any man who will take advantage of the times in order to obtain relief by some circuitous or underground way will not soon be forgotten or forgiven by the Canadian people.

As I said, the organization has improved greatly because of the knowledge we have gained in the past and the government considers that it is no longer necessary to have included in the bill unlimited authority so far as money is concerned. The bill to be presented to the house will have a limitation so far as direct relief is concerned. This limitation will be in harmony with the experience we have gained in the past and will have regard to the commitments for the next fiscal year which we believe will not exceed $20,000,000.

Mr. MACKENZIE KING: Mr. Chairman, it certainly is gratifying to see that what has been urged so strongly from this side of the house right from the outset has at last come to be part of the accepted policy of the ministry.

Mr. GORDON: I think it would have been unfortunate if we had done it before.

Mr. MACKENZIE KING: It is unfortunate it had not been done before. It is most unfortunate that at the very outset the ministry had not followed in this, as in all matters, the regular constitutional procedure, the procedure which gives parliament control over all expenditures and especially control over all taxation.

The minister began his remarks by referring to the emergency session of 1930, and pointed out that following that session the powers which the government took to itself were somewhat enlarged. May I remind him that at that very session of 1930 the government was told in no unmistakable terms that what we were facing was a depression which in all probability would last a very considerable time, and that what they were asking for at that time, namely, the right to emergent powers, so to speak, ought to be assumed only for that particular session and should not become a regular feature of proceedings. The ministry asked at that time for $20,000,000 but they did not indicate to parliament how that amount was to be spent. What they received was a cheque for $20,000,000 for the government simply to do with as it thought best. If the ministry had been obliged to give a statement to parliament at that time which would have made clear the directions in which that $20,000,000 was to go, how it would be divided up, and to give to the house some indication as to how the amount had been arrived at, they would have found that the consequent discussion would have led to a much smaller sum being appropriated for the purposes of meeting the need for relief as it existed at that time. As I recall, there had been previous occasions upon which the federal government had assisted the municipalities and the provinces in unemployment relief. During the entire preceding ten years the total amount spent out of the federal treasury as assistance to the provinces and the municipalities for unemployment relief did not exceed $2,000,000.

Yet my hon. friends asked for $20,000,000, and that is where they made the initial mistake. If they had come to parliament and had said that they thought a serious condition was arising but believed as they subsequently said that it would be over within a year as a result of their policies; and had asked for the one year an amount equivalent to that which had been spent for unemployment relief in the preceding ten years, say $2,000,000 or double the amount if you like, $4,000,000, they would have had all that they needed to meet the situation until parliament resumed again at the following regular session. It was that first mistake of the usurping of the authority of the House of Commons by the ministry which led to extravagance at the outset.

At the next session the ministry came and demanded not only a blank cheque for the purposes of unemployment relief but for powers to enact by order in council any measure which they might think advisable with respect to peace, order and good government. That was an arbitrary authority the like of which was not assumed for any purpose even during the period of the war by the prime minister of the day. This parliament never before granted to any government the power which the present ministry took from the House of Commons to deal with the unemployment situation. The minister stepped over this part of the ground very lightly; he said they took those powers to help to meet the condition. He did not mention the fact that they were taken from the House of Commons under closure. As a matter of fact, the ministry were so determined to get all this excessive and exceptional power into their own hands that in order to obtain it they had to resort to the use of the closure.

Mr. GORDON: The country approved the action.

Mr. MACKENZIE KING: The country has never approved it, and I think my hon. friends will come deeply to regret the looseness of control there has been over the expenditure of public moneys. The minister has not said very much about the total expenditure which has been made by the administration without any control whatever on the part of the House of Commons. That is a fact that cannot be brought home too often to hon. members. I am quite sure that the statement by the ministry this afternoon that they are going to put some limit at least on the amount they will require is the result of the discussion that took place in this chamber the other day when the attention of the house and the country was drawn to the excessive amounts that had been expended, because, if my hon. friend had had any virtuous intention of imposing some limit on the amount to be expended, he would have brought that fact to the attention of the house at the very outset, and made it part of his speech when he was presenting the whole matter to the House of Commons. I am glad, however, he is prepared in order to begin anew in a right direction, to take at least one step back. May I emphasize again the significance of what has been done, so that hon. members will not be led into believing that even yet we are being given very much in the way of control. Just inside two years, according to the minister's own statement the other evening, the ministry have by order in council paid out of the consolidated revenue fund of Canada in direct and indirect relief, and in advances to provinces, most of which advances, I think in the minister's own mind, are likely never to be repaid, the sum of $115,000,000. That is in two years.

Prior to the time of the war there was not a single year in which the total expenditure of Canada equalled that amount. What the ministry have done in the matter of dealing with unemployment relief might be exemplified in this way: had Sir Robert Borden come to the house the year immediately preceding the war and said to the members assembled that these looked like emergent times and that he thought in the circumstances the government ought to be permitted to do what it pleased with public expenditures for that year; that it had decided no estimates would be presented to parliament, but that the government would demand a blank cheque and the right to be allowed to expend what it pleased, he would have been asking for no more in the way of exemption from control by parliament over expenditures than this government has actually taken from the House of Commons as respects the years expenditure on relief account. He would have been asking for no more for one year than this government has taken for two. If there had been no estimates presented to parliament for any portion whatever of the public service, the total expenditure would have been just equivalent in one year to the total which this government in two years has spent, but without any control by parliament, on account of unemployment relief. I do not wonder that since this fact has been brought out, the ministry have begun to shiver a little, and see the necessity of at least coming back to some restriction. I hope now that they have got far enough back in the right direction to at least fix a total amount, they will recall that this is what

we stressed very strongly as imperative in the last two years, and that it was in an endeavour to have them fix some amount that we were compelled to keep up the discussion on this side until in order to get their own way they had resort to the closure. Now that the minister has begun to retreat, I hope he will go back just one step further if only for the sake of maintaining a semblance of parliamentary control over public expenditure. That one step further is to indicate how much of that—did he say $70,000,000 or $20,000,000 they were going to ask for?—

Mr. GORDON: There is a considerable difference.

Mr. MACKENZIE KING: —last year it was $70,000,000 that he used, what he is going to ask for now is $20,000,000, how much of that $20,000,000 will be used for one particular purpose and how much of it for another? The bill which we had before us last year, the provisions of which we are being asked to renew, gives the minister power to spend these moneys on particular services which are named in a very broad way. For example, they can pay out of the consolidated revenue account whatever is needed for the requirements of the national parks and the drought-stricken areas; what they need to assist in defraying the cost of the production, sale and distribution of the products of the field, farm, forest, sea, river and mine; what they wish to loan to any province on terms to be agreed upon; what they wish to guarantee of moneys to be borrowed by the provinces; what assistance they wish to give any province in the way of direct relief, and also what they wish to do in the way of loaning or guaranteeing moneys to any public or private corporations. Will the minister tell us how much of that $20,000,000 they intend to devote to those different objects? I am going to ask him to give us that in committee. But in order to have some light thrown on the matter from past experience, I should like him to tell us how much they have spent on each of these various counts in the past two years. How much has gone each year to private corporations out of this unemployment relief fund, and will similar or lesser amounts be taken out of the $20,000,000 for the same purpose? We should also be informed whether this $20,000,000 will cover all the ministry intend to loan and not merely what is paid out in the form of direct relief. These are important questions that later on I may ask the minister to answer in detail.

Before, however, coming to that, may I say a word about what my hon. friend has just said in reference to the suggestion that there should be a national commission to supervise the expenditure so far as it is federal expenditure and to do in cooperation with provinces and municipalities what lies within its power in regard to coordinating and unifying unemployment relief measures as between the different parts of the dominion. The minister says that they discussed this matter with the provinces, and that the provinces said that their business was to administer relief. The provinces might quite rightly say that; it is their business and nobody is asking that they should be deprived of the right of carrying it out. Any suggestion made with regard to a national commission has not been to relieve the municipalities or the provinces of anything that is their duty. The proposal of a national commission has had relation to the supervision of expenditure of moneys which come from the federal treasury and from it alone, so that through such a commission an account may be given to parliament of the amounts that have been spent, and with it some statement of the policy which has governed and should govern in the matter of expenditure. The other evening we heard the minister tell us how much had been spent on this, and on that, but as I said to him at the time, the picture that was presented on that occasion was anything but one which hon. members could comprehend as a whole; it was the most chaotic view of a national situation which could possibly be presented by a ministry.

A commission of the kind I have mentioned, had it been appointed, would have proceeded somewhat along these lines: They would have had their permanent experts associated with them who would have advised as to what would be most in the public interest in the way of the distribution of these moneys, and at the end of the year a budget would have been presented to the government, which the government would have brought into this house and had discussed, a budget which would set out, very much as the Minister of Finance does in his budget with respect to the affairs of the country generally, what was required in all for the purposes of unemployment relief, and in some detail how the government proposed to have the necessary moneys disbursed. Does my hon. friend mean to say that with a budget like that before them, hon. members of this parliament from every part of Canada could have made no contribution towards the solution of the unemployment question? That is where I take the strongest exception, to the way in which the government has proceeded in this matter. They have proceeded

as though the members of the House of Commons had no knowledge of, and had nothing to do with, and nothing to say about unemployment or unemployment relief, that all that they are expected to do is to vote sums of money to be spent by the government as it pleases. I say that is all wrong. I think this House of Commons on both sides has members who are familiar with conditions in the different constituencies of Canada and who each year, would have been able to make and would be able to make now if they were given a chance, very valuable suggestions as to what would be most desirable and serviceable in the way of meeting present conditions. More than that, I think the country would be impressed by what would be said in this house back and forth, in the way of support and criticism of the different projects that might be proposed, and thereby put in a position to form some judgment upon them. That is an opportunity which the House of Commons and the country should have at all times where the expenditure of public moneys is involved.

The answer which the minister gives for not proceeding in that way is equivalent to saying that the federal government with respect to the expenditure of federal moneys has recognized responsibility only to the provinces and to the municipalities, but recognizes no responsibility to the House of Commons, no responsibility to the federal parliament, and no responsibility to the people of Canada through the federal parliament for the expenditure of federal moneys. That is what his answer implies, and what it comes to. That I say is quite wrong, and now that to a certain extent the minister has begun to see the error of his ways I think he should begin to tell us a little more in detail and as near as he can just how he intends to spend this $20,000,000 during the course of the next fiscal year.

Just to help him on his way in that regard, may I ask him if he will tell us, to take first the last item set forth in the bill of last year, how much of the blank cheque moneys has gone up to the present in the way of loans or to guarantee the payment of money by any public corporation or undertaking, or has been advanced in cash to any public corporation or undertaking?

Mr. BENNETT: Mr. Chairman, I wonder if the right hon. gentleman has any appreciation of what he is talking about.

Some hon. MEMBERS: Oh, oh.

[Mr. Mackenzie King.]

Mr. BENNETT: I mean that very seriously, for that any responsible member of parliament should give us what he has been saying in the last fifteen minutes is incomprehensible.

Mr. MACKENZIE KING: Let the Prime Minister speak for himself.

Mr. BENNETT: It is incomprehensible that any responsible man would say in this house what has been said.

Mr. MACKENZIE KING: I am as responsible as the Prime Minister. He is talking as an irresponsible leader of the government at the moment.

Mr. BENNETT: Don't get worried.

Mr. MACKENZIE KING: No, and I won't stand any insulting words from my right hon. friend either. He talks about me not being responsible; I tell him that he does not know what he is talking about.

Mr. BENNETT: I am sure if the right hon. gentleman has no further knowledge of that than he has of what he has been talking about, his opinion is not very valuable.

Mr. MACKENZIE KING: A very fine exhibition by the Prime Minister.

Mr. BENNETT: It is incomprehensible that such a statement could have been made by the right hon. gentleman as has been made in this period of depression. Why? He took the relief bill, took the different items, and he said: How much is to be spent in guarantees and loans to the provinces? And as to the hon. member behind him who cheered the loudest, I wonder what he has got to say about how much had to be loaned to British Columbia.

Mr. HANBURY: Too much.

Mr. BENNETT: Exactly. That government happened to be opposed to him in politics, and the loan was too much.

Mr. HANBURY: No. There happens to be a lot of graft in British Columbia that you could have regulated.

Mr. BENNETT: Anyone who has seen the hon. gentleman's correspondence with the former president of the Canadian National Railways as to the establishment of an executive officer in Vancouver will understand that he is an authority on expenditure. Take the question of loans to provinces.

Mr. HANBURY: It was stolen from my files.

Mr. BENNETT: I think not.

Mr. HANBURY: I know it.

Mr. BENNETT: All I know is that I saw a photograph of the document which came legitimately and properly before the committee.

Mr. HANBURY: How did you get possession of that?

Mr. BENNETT: Through the mail.

Mr. HANBURY: From whom?

Mr. BENNETT: I cannot say whom; I cannot carry it in my mind.

Mr. HANBURY: I accept the Prime Minister's explanation that he did not go into my files.

Mr. BENNETT: But at any rate the hon. gentleman admits it is correct.

Mr. HANBURY: Absolutely.

Mr. BENNETT: There is no reason why he should be so ashamed of himself.

Mr. HANBURY: No, I am not the Prime Minister.

Mr. BENNETT: If he is not ashamed of himself, he should be.

Mr. HANBURY: Not at all.

Mr. BENNETT: He was willing to waste public money. Of course he was, provided he got some political advantage out of it; that is all.

Who would be able to say how much money should be loaned to Saskatchewan or Alberta, for instance, until the crop conditions were known? Who would be able to know, until all the facts became apparent, what should be done?

Mr. MACKENZIE KING: How did they know in war time how much was needed?

Mr. BENNETT: In war time it was a question of buying and selling munitions of war, and a question of the cost of putting so many men in the field, which is known to almost a dollar per head per year. It is all worked out in great detail, and there is no trouble about it in the world. But will any hon. member say that any federal government dare accept the responsibility of providing for a limited sum that would admit of no elasticity with respect to crop conditions in any province of which we know nothing at the time? How would you know how much to advance in connection with any of the items respecting the assistance of agriculture and matters of that kind? Let us get down and grip these facts as facts, not as theories of irresponsible people. Let us grip them as facts, and what are the facts?

The facts are that in its first session this government asked this house to vote $20,000,000 to assist in the extraordinary conditions that prevailed in this country. This parliament granted that money. That money was not expended during the fiscal year that ended March 31, 1931, but it was spent subsequently, the whole of it practically in public works—there was very little of direct relief—which afforded employment to many thousands of men during the winter and enabled them to get through without accepting direct relief.

In the next year, as the right hon. gentleman has said, the government asked parliament for power to enable it by order in council to deal with peace, order and good government in this country. What happened last week? The congress of the United States for the first time in its history, put through its senate and House of Representatives between a certain hour in the afternoon and that same evening a resolution to enable the comptroller of currency to march into all state financial institutions to prevent them from being destroyed. We anticipated that. We took care to ask this parliament that we might be able to deal with every matter that might arise in connection with the government of this country in order to maintain the integrity of our institutions, and by reason of that fact no Canadian bank has shut its doors, and no financial institution of any importance in this country has ceased to function or carry on its business. Why? Because we had taken the necessary steps to foresee and do what they are now doing in congress to deal with the situation. Just since I have taken my seat here a message has been placed in my hands that the currency circulation in the United States in the last week increased $732,000,000. Seven hundred and thirty-two million dollars! And that they are in a very grave state of apprehension with respect to the whole financial structure. But we asked this parliament to give us the power to deal with peace, order and government, and pass the necessary orders in council that did save the integrity of our institutions and enable this country to carry on. I would like the most captious critic in this house to say where we would have been if we had not had the necessary legislation to enable us to do so.

Mr. BOUCHARD: Whom did you save? What about the farmers?

Mr. BENNETT: The farmers got the benefit of every security that was afforded to every member of the public. What would have happened to the farmers' savings if the banks closed their doors?

Mr. VALLANCE: How many farmers have savings?

Mr. BENNETT: Only 49 per cent of the farms in Saskatchewan are mortgaged.

Mr. VALLANCE: But that does not mean that the others are owned by farmers.

Mr. BENNETT: That is the position. And 60 per cent of the farms in Alberta are not mortgaged. There is a certain type of member in this house who because he happens to be in opposition goes around and paints the darkest possible picture of his own country, fouls his own nest.

Mr. RALSTON: What did you do in 1930?

Mr. BENNETT: We did not do that. The leader of the opposition asked why this was necessary. This depression is universal, it is not confined to this country. Canada still, in the eyes of those who look on from the outside, is the country that is the best off in the world. Why? Because we have taken steps to prevent the dire consequences—

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: Is it any wonder that people cannot contemplate even the possibility of government ever falling into the hands of hon. gentlemen opposite? No wonder they turn to the Cooperative Commonwealth Federation.

Mr. HANBURY: What about General Currie?

Mr. BENNETT: He expressed the opinion that a national government was desirable.

Mr. HANBURY: Because he has no confidence in the present government.

Mr. BENNETT: That is not the reason, it is because he knows there is a problem in this country which it is thought by some people could be solved by both parties combined. A problem the hon. member did as much to assist in making as any one I know, through the expenditure of public money in respect to the national railways.

An hon. MEMBER: The Vancouver hotel?

Mr. BENNETT: Yes, and protests were made because a contract was signed for $4,000,000 and it is now $11,000,000.

Mr. VALLANCE: And the Chateau Laurier, too, and quite recently.

[Mr. Bouchard.]

Mr. BENNETT: The expenditures on that hotel were made during the right hon. gentleman's regime, and the hon. member knows it.

Mr. VALLANCE: The alterations were not.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: Do you know what that hon. member wishes to ask? He wishes to ask about some repairs made in the premises I occupy in the Chateau Laurier. That is his idea, in a period of depression. What is more I have in my possession a communication to the effect that the statements which were made in the committee as to the total expenditure were false. I am glad to have the opportunity to make that statement. That is over the signature of the chief architect of the company. That is the hon. gentleman's idea of political war, in critical times such as these.

Let us go a step further. I ask this committee to take the very statements that were made here this afternoon and ask itself—let any one member ask himself: Could I, could any committee of men, say how much money would be required for that particular purpose during the next year? That is the question. And the reason parliament was asked to grant to the government of the day authority to deal with the problems in the manner in which it did was because we believed it was more important that parliament should confer these powers upon the executive of the country than that we should listen to the cavilling criticism with respect to what was called the rights of parliament. That is the position. And history, even the history of two years, has justified our position. What was being done here was done in England, and the United States this last week has been compelled to do it. Just let each hon. member ask himself that single question: Could I, could anybody say, in the month in which we were obtaining those powers, what sum of money it would be essential to utilize in any particular province of this dominion to accomplish the purpose we had in mind?

Mr. BOUCHARD: Will the right hon. gentleman permit me a question?

Mr. BENNETT: Certainly.

Mr. BOUCHARD: When the right hon. gentleman promised that he would cure unemployment, I suppose he had a scheme in his mind to cure it?

Mr. BENNETT: That question is one which I am perfectly prepared to discuss at any time. World conditions were improving, rapidly improving. In fact we were back to prewar conditions in 1931 when Great

Britain went off the gold standard. If the hon. gentleman is, as I believe he should be, a student of the history of our time, he will know that is the fact. That being the fact he knows what world conditions have been since. He knows what has followed, he knows that the richest country in the world, the country to the south of us, is experiencing conditions such as were never heard of before, never in the history of man. He knows what public men have said the past few weeks. He saw what happened during the past week. I ask each member of this committee, as a fair-minded Canadian, to put to himself this question: take that Relief Act of 1931, take these subdivisions as they have been put to this house this afternoon by the leader of the opposition and ask himself if he knows of any committee that could have named the amount that would be required during the next twelve months to meet the conditions that have arisen in this country. That is the real issue, it was that we dealt with. It was that we dealt with in connection with insurance enterprises, the power under the section with respect to our financial institutions. And now we have at least the satisfaction of knowing that what we did then was to foresee a condition that enabled us at least to ride the storm up to the present moment. That is what we have done. We have done it with the legislation which we asked from this parliament, and which this parliament did give us in the plenitude of its power. They say part of this legislation was obtained by closure. Closure is a rule adopted by the house to enable governments to govern, and we used it to govern. What is more, under similar circumstances we would do it again to-morrow. When you find the Liberal newspapers in the country condemning the leader of the Liberal party for the obstruction that took place in parliament, when you find resolution after resolution being passed, great bodies meeting together regardless of political affiliations, saying to this parliament that it was time to do business and stop talking, you can understand why it was not necessary for us to do more than make a preliminary application of the rule to enable the legislation to be passed.

Now I ask this committee once more to get right down to the merits of this particular legislation. We reenact a statute of the past year, and it is subdivided into heads that have been given by the leader of the opposition, and looking out upon the world to-day with the dark horizon that we see, the heavy clouds that are there, will any man accept the responsibility of standing up in this house and saying that "X" money will be sufficient to meet that position or the other? Will he? Will he risk it? That is the question. I leave that problem with each member of this committee to answer for himself. Study those words. They were not put there accidentally or loosely, they were put in there with the greatest care.

Then it is suggested that some private enterprises have received money from the government. One hon. member of this house is authority for the statement that she was told that money had been given to Mr. Wright's furniture factory at Stratford by this government. That is the story that is circulated in the back concessions. Every one knows how false that is. The orders in council have been laid upon the table of this house; if not they were published in the Gazette. That safeguard was established in last year's legislation. The Auditor General will not honour a single cheque that has not behind it the authority of an order in council, and these orders in council have either been published in the Gazette or laid upon the table of the house, so that every member could fully know and appreciate how every dollar has been spent. The two orders in council with respect to the Canadian Pacific Railway Company are known to everyone; the orders in council have been issued. They were passed to provide for wages paid to workmen, and the money did not go to the railway company. The great mass of receipts signed by the workmen themselves was lodged in this house; not one single dollar but went to the workmen from the Atlantic to the Pacific. In the first instance the order in council did not issue for many months after the money had been expended by the railway company because, had traffic conditions improved, it would not have been necessary for the company to have borrowed the money from the government. But the order in council is known to all, and the latter of the two orders in council is known also, because it is here. I repeat that every dollar provided was spent for wages, and was not even used for the material that was used in connection with the work.

Mr. BOTHWELL: Who got the benefit of the work?

Mr. BENNETT: Why, the men got the benefit, the families throughout this country who were enabled to earn a living instead of having to go upon relief. It inured to the benefit of the railway company as well, and the company has promised to pay back the money if ever conditions improve to the extent of their being able to earn it. There

is nothing to object to in connection with that company; the shareholders have $119 in cash invested in the company for every $100 outstanding. There has been no watering of the common stock of the Canadian Pacific Railway Company. As I say there is more than $119, I should say $120 at least, in cash in the enterprise for every $100 of stock certificates outstanding. That is the position, and they have said that before any dividend is paid on their investment this money that was loaned to them by the government of the day will be repaid. And let me repeat that this money was loaned for the purpose of providing work for 8,800 men from the Atlantic to the Pacific. Had conditions improved and had there been the increase in traffic that was anticipated there would have been no necessity for the loan. So if any hon. member of this committee will take the statute and be fair to himself and the citizens of this country and go over it item by item he cannot say to himself that he can fix, or any committee can fix, with any degree of certainty any sum of money that will be required to meet the demands that may be made.

Mr. NEILL: Would the right hon. Prime Minister permit a question for the sake of information? If the argument is sound that unlimited credit was necessary in the past why is it not necessary still? There may be a further crop failure this fall for all we know.

Mr. BENNETT: I was just coming to that. I wonder if the hon. gentleman realizes that the $20,000,000 is applicable to direct relief only. The leader of the opposition did not follow the amendment that was moved; $20,000,000 is not the sum total that will be required; that amount is for direct relief only.

Mr. MACKENZIE KING: Exactly; that is the point.

Mr. BENNETT: Why is that? It is because the minister who is in charge has been able, in the light of three years experience, to ascertain what should be the maximum amount that should be necessary for direct relief. That is my answer to the hon. member for Comox-Alberni, who apparently was of the opinion that this was a limitation upon the whole. It is not; it is for direct relief only. We know that no body of legislators in any part of the world can foresee or predict with certainty what conditions will be, so we have sought the renewal of this legislation in the terms in which it appears. Because of the facts as ascertained with respect to direct relief, however, the minister proposes a limitation of $20,000,000 for the fiscal year from March 31 of this year to March 31 of 1934. The reason he has given has been said by the right hon. leader of the opposition to be chaotic and difficult to understand, but I think—of course it may be that what I think will not appeal to others here—that if hon. gentlemen will take the trouble to read what has been said they will agree that whatever criticisms may be fairly urged there has been an earnest and sincere attempt to see to it that the great catastrophe that has overtaken the Canadian people should be ameliorated as far as the federal government, within the ambit of its powers, may do so. This committee must remember that as recently as the conference which we held this spring it was reiterated that the provinces would not permit us to discharge their functions.

Mr. HANBURY: They would not permit you to look after your own money.

Mr. BENNETT: We have looked after our money to the extent of checking and rechecking the expenditures which have been made and the contributions we have granted, but that is all. The provinces will not permit the national government to undertake their functions. Some of them made that perfectly clear. Hon. gentlemen opposite talk about a national commission to deal with relief problems, but everyone who knows the elementary principles of our constitution knows that we cannot force the federal power upon the provincial authorities.

Mr. HANBURY: But we can withhold federal money.

Mr. BENNETT: We certainly can, but does the hon. gentleman advocate that we should withhold assistance from those who require it? What we have done is this: We have loaned money to the provinces. To-day the right hon. leader of the opposition put a premium upon their not paying it back; he said they will not pay it back.

Mr. MACKENZIE KING: The minister said so.

Mr. BENNETT: Did the minister say that?

Mr. MACKENZIE KING: The other night the minister said that many of them would not pay it back.

Mr. HANBURY: He said some had been paid back and some he does not expect to be paid back.

Mr. BENNETT: We expect to be repaid, but not as the loans mature. Let me give an illustration, and just listen to this

for a moment. In the province of Manitoba they had what they called a savings bank in which the people of that province had deposited some $12,000,000 in small savings accounts. When the cheques were being written to withdraw that money what did they have? They had the promises to pay, the I.O.U's of the province of Manitoba. The money was gone; in its place had been substituted I.O.U's of the province of Manitoba that could not be sold.

Mr. BEAUBIEN: Does that not apply to all banks to a certain extent?

Mr. BENNETT: We guaranteed the $12,000,000 of those deposits to enable the depositors to draw out money with which to live. That was one of the guarantees we made under the statute, and the order in council was laid upon the table of this house.

Mr. RALSTON: The minister did not mention that in the statement he made the other day.

Mr. BENNETT: But it is known, because I filed the order in council here in this house last year.

Mr. RALSTON: That is not what we are discussing.

Mr. BENNETT: That is what we are discussing; it has been referred to by the right hon. leader of the opposition, and I will go a step further. Within the last ten days that $12,000,000 guarantee to Manitoba fell due. They came to us asking that we renew that guarantee, it being their only choice between bankruptcy and solvency.

Mr. HANBURY: And they will keep coming just as long as the right hon. gentleman pays them money.

Mr. BENNETT: But would the hon. gentleman say we should not have guaranteed that amount?

Mr. HANBURY: I certainly do say so.

Mr. BENNETT: Then the hon. gentleman's statement is that these forty thousand small depositors in the province of Manitoba, who believed in a provincial administration but who, when they went to draw out their money, could get nothing but the promises to pay of a government that could not pay, should have been allowed to lose their money and that we were not justified in taking that action in the national interest? Why did we do it, sir? Does the hon. gentleman think that any minister, whoever he might be, or any government is anxious to do that sort of thing?

Mr. BEAUBIEN: May I ask a question?

Mr. BENNETT: Why did we do it? The reason is this: We did it because it was in the national interest of the Dominion of Canada that a province should not be forced into bankruptcy. Does anyone suggest for a moment that it would not reflect upon the credit of this dominion? What a noise would have been made if we had allowed that to happen. In an endeavour that has subjected us to harsh criticism and in order to save the national credit of this dominion we made that guarantee and renewed it the other day.

Mr. HANBURY: And must continue to renew it.

Mr. BENNETT: I still have confidence that the provinces can pay, but if the hon. gentleman says they cannot I can only say to him that at least two of the western provinces, Saskatchewan and Alberta, until recently never knew what it was to have other than a Liberal government. That is the position there.

An hon. MEMBER: And they wish they had yet.

Mr. BENNETT: They wish they had yet? Well, there is no evidence of it.

Mr. MACKENZIE (Vancouver): Oh yes; wait and see.

An hon. MEMBER: If they had they might have been able to pay.

Mr. BENNETT: They might have been able to pay, someone says. All you have to do is to look at the facts and see what the fixed charges of these provinces are, and when and by whom created. If you do you will have a fair understanding of the situation. Let us go a step further.

An hon. MEMBER: What about Saskatchewan?

Mr. BENNETT: Yes, and there $11,000,000 consisted of promises to pay left by the outgoing government of the province.

Mr. VALLANCE: After twenty-four years.

Mr. BENNETT: Let me go a step further. I ask every member of this committee to put himself in our place, to put himself in the place of a member of this administration.

An hon. MEMBER: And cooperate.

Mr. BENNETT: Is the hon. gentleman repudiating the thought? In the province of Saskatchewan, let me point out, we fed some 330,000 people at the sole expense of this dominion because there had been three successive crop failures and it was a national disaster. On the first of July I ventured to tell

the house that there was a national disaster and the house was a unit in believing that there was. When there was a great earthquake in the British West Indies or in some foreign country we sent large contributions to relieve such emergencies. Well, here we had seventy odd municipalities faced with three successive crop failures, and we undertook as a national obligation, because of a national disaster, to make the contribution to which I have referred.

Mr. DONNELLY: Did they sign notes for it?

Mr. BENNETT: I believe they did; but what has that to do with the fact that we fed some 330,000 people though we have not talked about it.

Mr. VALLANCE: The provincial government in Manitoba did the same thing.

Mr. BENNETT: The hon. gentleman should know—it is impossible to say that he does know, but he should know at any rate—that what he states is inaccurate.

Mr. VALLANCE: You speak for yourself.

Mr. BENNETT: I have stated the situation, and hon. members are thoroughly familiar with it, so far as Saskatchewan, Alberta and Manitoba are concerned. When you come to the maritime provinces, you find that the contribution has been smaller because they felt the depression less. They were not in the same position as the community in Saskatchewan, where they depended on one crop; they had homes, farms and all the conveniences of life. But in the west where, by reason of drought for three years, they could not maintain their homes, we provided the wherewithal. Hon. gentlemen did, this house did; the house was a unit in believing that it should be done, and that is the largest single item in the expenditures we have made. Do we want to repudiate it Do hon. members opposite want to repudiate it?

Could we have foreseen the exact amount that would be required, or could anyone? It was in July, mark you, that we made the statement; it was in the months of July and August that we took charge. Could anyone have foreseen then that a fourth year was to follow? The crop that was then expected to be good failed in some parts and was only fair in others. Now, we must face these facts, and I do wish that some of those who are so critical had had to face the issue and to decide what action should be taken. The responsibility rests on the executive of this country.

[Mr. Bennett.]

Mr. McINTOSH: That is responsible government.

Mr. BENNETT: Yes, that is responsible government and we have endeavoured to discharge it. But when I hear the kind of criticism to which we have listened this afternoon, after the sermon on the Mount—

Mr. MACKENZIE (Vancouver): Is this the Doxology?

Mr. BENNETT: When I hear that sort of criticism I wonder what would have happened if hon. gentlemen opposite had been charged with the same responsibility. I wonder if they could possibly imagine themselves in the position where they would have to provide facilities, to see that the money was forthcoming, to make the necessary arrangements; where they must try by a series of checks and balances to maintain the integrity of the institutions and the credit of the country. I put that to my hon. friends fairly, and it is for them to say whether they desire to censure this government. If they do, well and good. Certainly, if this country desires that we should give place to my hon. friends, we should be only too glad to do so in that sense; but from the standpoint of the safety of the country, in view of what we have heard to-day, I am perfectly certain that no one could contemplate such a thing without apprehension of the gravest possible disaster to the body politic.

The suggestion limiting the amount for direct relief, to which this amendment refers, is made for the purpose of taking advantage of the experience that has been gained. I am not one of those who believe that there is any general desire on the part of the Canadian citizenship to take advantage of the difficulties in which this country finds itself and to impose upon it. There are some who believe that; we have had evidence of it to-day in the interruptions that have been made by hon. gentlemen. We have had the suggestion that there is a studied design on the part of a great mass of Canadians to see in what way they may impose upon the state. I do not believe that for a moment, for personally I have seen no evidence of it. I have seen however, as the minister in charge has seen, evidence of there being every now and then a willingness on the part of some to rely upon the state rather than upon their own efforts. Do not forget this, either. It is only a few years ago that the right hon. gentleman opposite, in his place as first minister, saw fit to direct to representatives of soviet Russia a letter in which he said that although they had promised that they would not do so and so, they had within this

dominion endeavoured to destroy the empire and the government of this country. And what is the situation to-day, if that is true? Read that letter which the right hon. gentleman then sent to these representatives of soviet Russia. Read it and see what his experience had been with the forces of soviet Russia in this country, and then go out and see for yourselves the evidence that was given under oath in the trials in Toronto. See the evidence that is forthcoming day after day with respect to these matters, in this time of trial through which this country is passing.

I will admit that there are those who are endeavouring to impose upon the state because they are enemies of the state. They are using such power as they have to impose upon the people in this period of depression in order to advance their theories for the purpose of destroying the state. The evidence is there; we know the evidence is there as to where the money came from. Now, all that has added to the difficulties which we have to meet. During the period of war, every man who was put into uniform added one more to the demand for food and clothing, and was the means of putting into circulation moneys for allowances and all that sort of thing. That was the situation then, and one could predict with some degree of certainty what the requirements would be as soon as one knew the number of men who were being called up. But when you are faced with the condition that exists to-day you are confronted with factors that are unknowable, factors that cannot be determined; and we are endeavouring to foresee conditions for a period of twelve months. In that effort we ask parliament to clothe the executive with powers, not that we want power merely for the sake of power, but that we may be able, having these powers in an emergency, to preserve the state from destruction. That is all we have tried to do, and I ask any hon. member who desires to do so, honestly, fearlessly and fairly to look at the matter, to take the statute of last year item by item, and ask himself whether he can face his countrymen for the next twelve months and say that he has done his duty, if he takes this position: so many million dollars for this, so many for that and so much for something else, when we know that you must have power to do effectively that which you seek to do. Power which is not effective is worse than no power at all.

Mr. HANBURY: You have lots of power.

Mr. BENNETT: We would not have had with the restrictions this parliament sought to impose. We would have had no such power to save the situation as we have saved it.

Mr. RALSTON: Have there been any bank failures in Canada? My hon. friend speaks about the financial situation, but has there been any financial situation other than that concerning the provincial banks?

Mr. BENNETT: We have saved every situation that arose in Canada. What is more, the hon. gentleman who sits behind the hon. gentleman is one of the members of this house who inveighed against the government because of what it did with respect to insurance companies. The hon. gentleman who has just spoken was one of those who knew the situation and he knew what we had to do.

Mr. RALSTON: I am talking about fixing the amount and what my hon. friend is saying has nothing to do with that.

Mr. BENNETT: It has everything to do with it if we have to guarantee and we may have to guarantee as the United States has had to do. How do I know what may happen in the next few months?

Mr. RALSTON: No one has spoken about the valuation of common stocks.

Mr. BENNETT: I am talking about the necessity of action being taken to preserve the integrity of our institutions, and the insurance companies happen to be an illustration. That is what the situation is.

It is so with respect to the whole fabric of our financial structure. To hear hon. gentlemen talk you would think that the government of the day was trying to devise some means by which it could be clothed with power which it would desire to abuse. I wonder if this committee thinks that there is any desire to abuse authority which is obtained from this parliament? From the criticisms made you would think that that was the purpose of obtaining it instead of endeavouring to do that which in our best judgment—we do not pretend that there may not be mistakes—will save intact the Dominion of Canada.

Look at the sort of rumours which circulate in the press and which have depreciated our securities in the markets of the neighbouring republic. The newspapers send them out, they refer joyfully to them but upon examination they are found to be untrue. All these things must be considered because we are living in a period of time much more

serious than any other so far as the world knows. If we have to resort to every method that the genius and thought of thinkers in every part of the world can suggest, that our experience induces us to believe is sound, we are but doing what any man would do who is charged with responsibility and who has a desire to discharge his duties so that he may preserve the institutions of the state itself.

Mr. MACKENZIE KING: Mr. Chairman, after listening to the right hon. the Prime Minister (Mr. Bennett) this afternoon one would think that the government had ended the depression, that its great wisdom in dealing with the affairs of the country had resulted in some remarkable salvation of conditions generally. What are the facts? At the special session of the house, a few weeks after the right hon. gentleman came into office, we were asked to vote $20,000,000 for unemployment relief. The Prime Minister himself estimated that we had at that time something like 117,000 unemployed in Canada, and said that, if the policies of the government had the effect which the government believed they were going to have, they hoped they would not have to ask parliament for further unemployment relief in another year; that the numbers of unemployed would gradually diminish. But what has happened? At the present time we have over 800,000 unemployed in Canada.

Mr. BENNETT: That is not correct.

Mr. MACKENZIE KING: The Minister of Labour (Mr. Gordon) told us the other evening that the number of people on relief ran up to over 1,300,000.

Mr. GORDON: I am sorry to interject but I thought I made myself quite plain. The number receiving relief for varying periods, not constant, including men old and young, women old and young, middle-aged and infants in arms amounts to approximately 1,300,000.

Mr. MACKENZIE KING: That is just what I have said. Let us leave alone the question of dependents and take the actual number of unemployed—

Mr. GORDON: I never said the number of unemployed was 800,000.

Mr. MACKENZIE KING: If the hon. gentleman did not, he did not take exception to my statement when I said that the number of unemployed had been given as such by the government's representative in Great Britain. Only two or three months ago, Mr. Howard Ferguson announced in London that the total number of unemployed in Canada at that time was 800,000. No exception has been taken to that statement made by Canada's representative in Great Britain.

Mr. BENNETT: The figure was not 800,000 unemployed.

Mr. MACKENZIE KING: What was it?

Mr. BENNETT: That 800,000 were then receiving relief.

Mr. MACKENZIE KING: I think that was the number of unemployed, and I think it will be found to be so. I took great care to note what the High Commissioner for Canada said at the time. I say further that, if the minister will give to this house an official statement of the total number of unemployed, he will find that figure is within the number. I do not think the government will deny that for one minute.

When the Prime Minister endeavours to have it appear that the course which he has taken has been a course which has saved the country, I want the committee to have a realization of the facts of the situation. The country to-day is in a worse position than it has been at any time since the present administration took office, and, I think, at any time in the history of Canada. That is the situation as it exists to-day. The Prime Minister would have us believe that the wisdom of the executive had been the means of saving the situation.

The Prime Minister has sought to have us believe that it is an impossible thing for a government to provide for emergencies by fixing any definite amount in the estimates, that because no one can foresee what is going to take place, therefore, that the ministry must be given unlimited power to spend whatever moneys it pleases. From the time of confederation up to the present, has there been any occasion, except that which has occurred in this parliament, where a free hand was given to the ministry in the matter of expending public moneys? No one expects the Prime Minister or the Minister of Labour, or anybody else, to come to parliament and say: We need precisely so many hundreds of thousands, or so many millions of dollars, for a specific purpose; this is exactly what is going to be required this year. That is not what is asked of the ministry. But the ministry is asked and is expected to make some estimate, and it may make that estimate as large or as small as it pleases. All that the ministry is expected to do is to say to parliament: We believe that so much will be required this year for such and such purposes,

and we base our estimate upon the following grounds which would then be enumerated. We are now in the fourth session of this parliament, and we have had this method of proceeding for nearly three years. Had the ministry adopted from the outset the course which we on this side proposed, it would have been possible for the government to have said to us to-day: We believe that $20,000,000 is all that will be required for the purpose of direct relief—as the minister has just said—and we base that belief upon the following grounds; we have found that, in such and such a year, we needed so much; the next year we needed so much, and last year so much; we believe that $20,000,000 will be sufficient for this purpose this year. Similarly, the amount required for use in the national parks is simply a matter of making up an estimate in that regard. What will be required in other directions is likewise a matter of estimates. That is the way in which parliament proceeds and a ministry presents its estimates. It is idle to say that because no one can foresee what will be required there cannot be some estimate. The method is to present the estimate, give the reasons therefor, and let parliament judge of the soundness of the reasons and exercise its control.

May I point out to the committee what the Prime Minister knows better than anyone else, that, in dealing with questions of great emergency especially where human life is at stake, this House of Commons of Canada has never taken exception to a ministry taking the one course which it can constitutionally take in cases where an appropriation has not been made or is inadequate of asking for a governor general's warrant to meet a particularly emergent situation until parliament can be brought together. I made it very clear at the beginning of the special session in 1930 that, if the ministry found difficulty in estimating what would be required for the purpose of meeting some very critical situation in the matter of relief, and, if it should be necessary, before parliament could be brought together, that a certain expenditure should be made by governor general's warrants on account of the urgency of the human need involved, those of us who sit on this side of the house would take no exception to that particular course, provided that, in the first instance, parliament had been given the control it should have. That is the sound position, and it is the one which ought to be maintained. Are we to hear the same argument again next year, and, if there is a change of government next year, is the incoming government to follow along identical lines in relation to all expenditures concerning unemployment relief? Are we to continue adminstering the unemployment relief of the country by means of blank cheques given the ministry by vote of its supporters in the house? There will have to be a halt to that procedure, or we might as well get rid of parliament altogether. No one knows better than do hon. gentlemen opposite that in asking for this continued free hand in the matter of public expenditures, they are taking a course which cannot for a moment be defended.

I must say I believe, whether intentionally or not, the minister wholly misled the House of Commons in the statement he made this afternoon about the $20,000,000. I certainly got the impression that this year we were going to have, with respect to this particular bill, an amount which would be definite and which would indicate what the ministry really thought would be necessary. Certainly the hon. member for Comox-Alberni had the same impression or he would not have asked of the Prime Minister the question which he did. Indeed, I was waiting until the Prime Minister had concluded his remarks, to ask him the same question: How, if the government cannot foresee what is going to take place in the course of the next few months, has the minister found it possible to fix $20,000,000 as a limit? What is the significance of fixing $20,000,000 as a limit under the circumstances of which we have just been told? It is humbug; humbug pure and simple; no other word would properly describe it. It is another instance of humbug in the case of another great matter which directly affects the Canadian people. Had the minister's statement gone out without a further explanation from him, the people would have been led to believe the government had really got the relief situation in such shape that $20,000,000 would be all that was required.

Mr. BENNETT: The amendment says "direct relief."

Mr. MACKENZIE KING: We have not seen the amendment.

Mr. BENNETT: It was read just now.

Mr. MACKENZIE KING: We have the minister's statement and the impression left by it, but the point I want to make clear is that direct relief is only one item in the relief program, and that the ministry still retains power to use a blank cheque for any other particular expenditures which it may wish to make under the head of relief in any other shape or form. Those are large items, and we have no guarantee whatever that the amounts which will be spent by the ministry this com-

ng year may not be considerably larger than hey are during the present year or were the year before. What the Prime Minister sought to do in his utterances this afternoon was to throw as much dust into the face of this committee as it was possible for him so to do. I do not think he did himself much credit in his method of speaking this afternoon with his vituperations, unnecessary epithets and the manner of presenting his statement. But, most of all, may I say that he did not do himself any credit in his slighting reference to the Sermon on the Mount. When the right hon. gentleman made the slighting reference he did to the Sermon on the Mount, he forgot he was speaking of a sacred—

Mr. BENNETT: I did not make any slighting reference to the Sermon on the Mount. I made reference to the hypocritical use of it to cover up political cant.

Mr. McINTOSH: What about the "grace of God" speech?

Mr. MACKENZIE KING: If my hon. friend did not make the reference for that purpose, he made it to provoke a sneer and a laugh in this House of Commons, which is something considerably worse. He has just this moment spoken about making references to sacred subjects for hypocritical reasons. I ask my right hon. friend: Was that his motive when he spoke in the city of Toronto about the grace of God? Was he acting the hypocrite then? Was he using phrases from the Scriptures for a political end?

Mr. BENNETT: This was not at a political meeting. It was a religious meeting.

Mr. MACKENZIE KING: There is neither place nor time when it comes to stating fundamental beliefs in relation to questions of the day, and what is said on a public platform by the Prime Minister of Canada in that regard is assumed by the public to have been said from very high motives and from motives by which he will be judged by his fellow men. When I made the statement which I did in this house to the Sermon on the Mount, I was speaking of what I believe, and I said it in all reverence. It ill becomes the Prime Minister of this country to endeavour to provoke a sneer by any reflection on remarks made at that time. I might say, in justice to my right hon. friend, because I think I know him a little better than perhaps he thinks I do, I believe he lost his head a little this afternoon, or he would not have said what he did. I just wish to tell him that, if he does not expect people to be critical of his motives, he had better not impute to others the motives which have evidently been those that have guided himself.

I would resume this discussion in committee and ask the minister to tell us what amounts of money have been paid on blank cheque account for the purpose of assisting corporations or private undertakings?

Mr. BENNETT: On a question of privilege may I explain to the right hon. gentleman that the observations that I made with respect to the grace of God were made at a Bible class meeting where I would again repeat them; I desire that to be perfectly clear, but those who will look at the pages of Hansard and look at the report of sneers that were made later at my having uttered those remarks, will understand something of the attitude of mind of certain hon. gentlemen.

Mr. McINTOSH: Why did you repeat the insinuation?

Mr. BENNETT: I did not.

Mr. STEWART (Leeds): While the minister is looking up the desired information, may I put before the committee the much discussed amendment. It is moved by me, seconded by the hon. member for Kings (Mr. Macdonald):

> That this resolution be amended by adding thereto the following words: "Provided, however, that the amount to be paid for direct relief for the fiscal year ending the 31st of March, 1934, shall not exceed of the sum of $20,000,000."

The ACTING CHAIRMAN (Mr. Maloney): Shall the resolution as amended be adopted?

Mr. MACKENZIE KING: No. Will the minister just tell us how he arrives at $20,000,000 as being the amount he assumes will be sufficient?

Mr. GORDON: The figures making up the total spent or contributed by the Dominion government under the various statutes are, of course, with respect to the 1930 and 1931 acts, set out at length and detail in the report that was tabled last year in connection with this whole subject matter. The legislation now in force, which will expire at the end of this month, contemplates that all the details covering an innumerable number of items with reference to almost every county in Canada will be included in a similar report. That was the reason why a few days ago in outlining the details which I then gave I was desirous of placing in the hands of the members as much information as I could possibly give with respect to what had been done throughout Canada, what money had been spent and where it had been spent.

Under the Relief Act of 1930 the Dominion government contributed a total of $17,987,-173.86. If it is the desire of the right hon. leader of the opposition that I should spread again upon Hansard details as to the provinces which participated in those advances I can do it, but I think if one looks at Hansard the details will be found there in the statement which I gave to the house some time ago. However, if it is thought desirable that I should again go over the same ground I have no objections to doing it.

Mr. RALSTON: Is that $17,000,000 for direct relief?

Mr. GORDON: That is the total of disbursements made under that legislation.

Mr. RALSTON: What was asked was, where does my hon. friend get the basis on which he estimates $20,000,000 for direct relief. My hon. friend is giving us the expenditures under the act of 1930, under which there were many other expenditures besides expenditures for direct relief. There were a lot of public works, as I remember.

Mr. GORDON: I am giving only the amount which the Dominion government contributed, first by way of public works, and secondly I can give the sum contributed for direct relief.

Mr. BOUCHARD: Were the public works done under the patronage system?

Mr. GAGNON: That is a ridiculous question.

Mr. BOUCHARD: It was done. I will show you how ridiculous a question it is.

Mr. GORDON: I do not quite understand the hon. member.

Mr. BOUCHARD: The hon. member for Dorchester could explain. He said my question was ridiculous, but I think he understood it. I can show you how ridiculous it was.

Mr. GORDON: Under the 1930 act the Dominion government subscribed to public works $14,396,976.81, and to direct relief $3,547,135.08.

Mr. RALSTON: What was the date of the expiry of the amounts just given? Was it March 31, 1931?

Mr. GORDON: That would be up until August, 1931. Under the terms of the Unemployment and Farm Relief Act of 1931, and the Continuance Act of 1932, the Dominion government subscribed the sum of $41,501,-791.96.

Mr. RALSTON: That was the total?

Mr. GORDON: Yes, under the act of 1931 and the Continuance Act of 1932.

Mr. MACKENZIE: Until what date?

Mr. GORDON: That would be up until the expiration of the statute as of January 31, 1933.

Mr. RALSTON: Would my hon. friend divide the amount so that we would have that continuity which he desires, by showing the expenditure under the Unemployment and Farm Relief Act of 1931, which I presume would carry us to March 31, 1932, and then show the expenditure under the Continuance Act from March 31, 1932, up to January 31, 1933?

Mr. GORDON: The figures I have here are not divided in that way, but I think I can have them separated so as to make that clear. In the meantime I have given the figures under the Unemployment and Farm Relief Act of 1931 and the Continuance Act of 1932. The Dominion government contributed $41,501,791.96.

Mr. MACKENZIE KING: Is that for direct relief or does it include public works as well?

Mr. GORDON: No; I will have to have those figures separated.

Mr. MACKENZIE KING: How much of that amount is for loans to corporations of any kind?

Mr. GORDON: To answer that question I should have to have the figures separated.

Mr. DONNELLY: What proportion went for administration?

Mr. GORDON: The administration under the 1930 legislation cost $43,061.97. I have not the exact figures for administration under the subsequent acts, but I can easily get them.

Under the present legislation, up to January 31, 1933, there has been paid the sum of $9,525,953.53, and it is estimated that up to the end of this fiscal year, having regard to the numbers who are on direct relief and the cost, because this is practically all direct relief, the amount required for the year will be in the neighbourhood of $20,000,000. Of course, that is purely an estimate, but I think it is a very nearly correct estimate. Hon. members will understand that it would be hopeless for me to attempt to give the exact amount. The best we can do is to estimate it.

With respect to advances made to corporations, I have not those figures before me at the moment, but I can get them.

Mr. MACKENZIE KING: The minister will recall that when he spoke before, I suggested to him that it might be well for him to have his deputy here when we got into committee because we would want a good deal of information along these lines. I hope the minister will not try to put us off with general statements that so and so can be found in such and such a report, or that he will get the information to-morrow. We want the information before we get out of committee.

Mr. GORDON: I will have the officer here for that purpose.

Mr. HANBURY: Assuming that the minister has given all the information he has at hand—I notice the Prime Minister has now left the chamber; I had hoped to obtain some information from him. When he was speaking this afternoon he took some credit to his government for the fact that no bank in Canada had been obliged to go into liquidation, and for the vast sums of money that he had advanced to the provinces and to the provincial bank in Manitoba. I am not altogether critical of the amounts the government has found it necessary in the past to advance to provincial governments, but I would like to know whether this policy is to continue. Is the federal government to become responsible for all municipalities, all large banking corporations, all insurance companies?

Mr. RALSTON: And Newfoundland.

Mr. HANBURY: Yes, and the Dominion of Newfoundland? That is something that I believe the people of Canada are entitled to know. To what extent are we going to pyramid the liabilities of all parts of Canada? Is the Dominion government accepting full responsibility, no matter who undertakes the obligation, no matter how much a municipality is involved or how much it wishes to spend, no matter what happens to the banks or to the large companies? I say we are entitled to know from this government, now, when they ask us to pass this legislation, to what extent they are prepared to go. I would ask the minister to give us some information in that respect.

Mr. GORDON: The answer, in so far as I can give it, is simply this, that the government is asking the house to invest it with the powers contemplated by the bill, the terms of which are well known to hon. members. They are broad in their character, from some angles, of course. To attempt to prophesy to what extent we may have to invoke the legislation in the coming year is impossible for me or for anyone else. But I think I can say this to the hon. member, and I do not think he will quarrel much with it, that if during the coming year the occasion arises in connection with the safety of Canada, requiring such measures as are contemplated by this legislation, whether it be loans to provinces, or to business concerns the failure of which would challenge or imperil or perhaps destroy the business of this country, then I should say that this government would take proper action, as contemplated by the legislation sought in this bill, to see that such an occurrence, in so far as it was in the capacity of this government to prevent it, should not take place.

Mr. VENIOT: The other night when the minister was dealing with the amount advanced to the Canadian Pacific Railway Company for relief, I asked him if he could tell me what amount was advanced to the Canadian National under like conditions, that is to keep the shops of the Canadian National Railways going intermittently. He promised to get that information for me, and if he has done so I would like to have it.

Mr. MANION: Perhaps I can answer the question in a few words. The Canadian National railway shops were not closed at any time.

Mr. VENIOT: No, but they were put on intermittent work.

Mr. MANION: So were those of the Canadian Pacific. The Canadian Pacific railway shops were on an even less number of days' work per month than the Canadian National shops. But the Canadian Pacific Railway Company after closing their shops, came to the conclusion that they could not open them again without some assistance, and the government, after considering the matter very thoroughly, decided to lend them money to keep the shops open for a certain time last year and a certain time the year before. May I point out that in view of the vast amounts of money which have been advanced from time to time to the Canadian National I do not think there should be criticism of a loan to the Canadian Pacific of, I think, about $2,500,000 in this connection.

Mr. VENIOT: Wait until the criticism is made; I have not yet made any criticism of it. But I think this committee is entitled to know what it costs to keep the Canadian National railway shops open. I will take one example, the shop at Moncton, that is carried on sometimes four days a week; was that carrying on four days a week part of the operating expenses of the Canadian National Railways charged up to deficit?

Mr. MANION: The Canadian National Railways made no request for assistance in keeping their shops open at any time.

Mr. RALSTON: And you have made no advances to the Canadian National for the purpose of keeping the shops open?

Mr. MANION: Not for that specific purpose.

Mr. VENIOT: But while the Canadian National did not make any request for advances, the fact of keeping the shops open to help unemployment was charged against the deficit of the Canadian National Railways Atlantic section?

Mr. MANION: I do not admit that, because the Canadian National Railways have never taken the attitude that they kept them open to help unemployment. Their position is that they required to keep them open for the time they kept them open.

Mr. VENIOT: I will put it the other way; the Canadian National Railways cut down the time of work in those shops to economize, and practising that economy they were still left with a deficit. That deficit was charged up against the operations of the Canadian National, not paid by the government of the country, and it becomes part of the debt of the Canadian National Railways to the government of Canada. Am I right?

Mr. MANION: I am afraid my hon. friend is not altogether right in that either, because in the future, if we accept the Duff report and put it into effect, as we expect to do, the deficit will be charged to the consolidated debt of this country, so it will not be charged as part of the debt of the railway.

Mr. VENIOT: Yes, and interest charged against it. Now I will come to the criticism of the loan to the Canadian Pacific Railway Company. The Prime Minister, speaking of that this afternoon, told us that every dollar of the money loaned to the Canadian Pacific Railway Company went to the men, that the shareholders received not one cent, and that the company were to pay back the loan. I was surprised that the Prime Minister at the time did not give the contents of that order in council, which distinctly states that the money was loaned without interest. It further states that it is not to be repaid to the government of Canada until the Canadian Pacific Railway earns sufficient to pay more than five per cent dividends to its shareholders.

Mr. MANION: Which order in council?

Mr. McINTOSH: That is the way the press reported it.

Mr. VENIOT: That is not only the press report, that is the order in council.

Mr. McINTOSH: That is the report I saw.

Mr. VENIOT: That order in council was passed, I think, on September 30, 1932. The work was done between September 1 and December 31, 1931.

Mr. MANION: I am not trying to find fault, but simply to keep the matter clear. May I suggest that there were two orders in council. One was on a different basis from the other.

Mr. VENIOT: I will come to that. I am now dealing with the order passed for the payment of wages to these men for work done between the first of September and the last of December, 1931.

Mr. MANION: That is correct.

Mr. VENIOT: Notwithstanding that that work was done between those dates, and that parliament sat here from some time in February to the 29th of June, not one word of information was given to this house, and it was only on the 30th September, 1932, that the order in council was passed, six days before the opening of the present session. Under that order in council the Canadian Pacific Railway Company received that loan without the payment of one cent of interest, yet in order to make that loan to the Canadian Pacific the government had to issue bonds for $80,000,000, in which amount was included this $1,447,222.70. On that loan to-day we are paying interest at the rate of 4¼ or 4½ per cent. During the flotation of that loan the Caandian Pacific Railway Company subscribed some $3,000,000 on which amount the company is now being paid 4½ per cent interest.

Some hon. MEMBERS: No, no.

Mr. VENIOT: It is said that this was trust money which was taken from the reserves. That makes no difference; it was Canadian Pacific Railway money. Where did that reserve come from but from the people of Canada? In part it was built up by the sale of lands with which we bonused the construction of that railway back in 1882. This very rich company is not able to spend $1,500,000 to help out unemployment and keep their men going, though it was able to purchase $3,000,000 of Canadian bonds which are now earning 4½ per cent. Further, the conditions under which the loan is to be paid back protect the share-

holders of the company. Under the order in council the loan is not to be paid until the net earnings of the company show sufficient revenue to pay dividends of more than 5 per cent to these rich shareholders.

Mr. GAGNON: Rich shareholders?

Mr. VENIOT: Yes, most of them are wealthy.

Mr. BOUCHARD: Would the government do the same thing for the farmers?

Mr. VENIOT: Will the government do the same thing for the Canadian National Railways?

Mr. MANION: We have been doing it for years.

Mr. VENIOT: You are charging the Canadian National Railways interest.

Mr. CANTLEY: But the interest has never been paid.

Mr. VENIOT: The Canadian Pacific Railway Company is not being charged interest. Let me go a little further. I took notice that during his speech to-day the Prime Minister once more felt called upon to attack the press of the country; he referred to rumours in the press which tend to lessen the value of our securities in the United States. Let the right hon. gentleman look at his own speeches; let him refer to the speech he made to the delegation of railway employees who waited upon him three or four weeks ago asking that certain measures be put in force for the relief of railwaymen. If he was correctly reported in the press he recited the dire distress which existed among the employees of the two railway systems of this country; he went on to say that the systems were nearly bankrupt, and he wound up by saying, "I am proud to be able to state to you gentlemen that in my lifetime I predicted this situation."

Mr. HANBURY: He meant "produced".

Mr. VENIOT: Perhaps so; perhaps the press had the wrong word. What was the result? Within forty-eight hours Canadian Pacific Railway stocks fell several points on the New York market. So instead of blaming the press for rumours depreciating the value of our stocks in the United States the Prime Minister had better strike his breast and say mea culpa.

Mr. MACKENZIE KING: Before we leave the question of advances to the Canadian Pacific Railway Company there is one other point I should like to bring up. The other evening I referred to an item which appeared in the press to the effect that the Canadian Pacific Railway Company had been advancing money to railways in the United States which were affiliated with the company, apparently to keep those roads running and to help the men engaged thereon who otherwise were threatened with unemployment. If the Canadian Pacific Railway Company has money that can be used for the purpose of assisting unemployment in the United States surely there was no need for the government to make advances to that company.

Mr. MANION: Does my right hon. friend assert that the Canadian Pacific Railway Company advanced money to help unemployment in the United States? I did not know that. I am just asking for information.

Mr. MACKENZIE KING: No, I want to know from the Minister of Railways whether he has heard of the Canadian Pacific Railway Company making advances to roads in the United States to assist them in the distressed condition in which they find themselves.

Mr. MANION: No, I have never heard that, nor have I seen it in the press. While I am on my feet may I say just a word. I do not wish to delay my colleague's measure, but there was another order in council to which my hon. friend did not refer except in passing. I refer to the second order in council under which the second loan was made. Under the terms of that order in council the money is to be repaid before any dividends are paid.

Mr. VENIOT: But that is not so under the first order in council.

Mr. MANION: I just wish to keep the record straight in that connection. I do not wish to quarrel with the facts stated by my hon. friend with regard to the first order in council, but under the terms of the second order in council we have insisted that the money must be repaid before any dividends of any kind are paid. I am not here to defend the Canadian Pacific Railway; usually they can defend themselves, but I think in justice to them and in justice to our action in helping them keep their shops open I should say that the company did not pay dividends on common stock at all last year, and I do not think they are likely to pay dividends for some time to come on that stock.

Mr. VENIOT: The dividends were only postponed for discussion at the next meeting.

Mr. MANION: It is not for me to defend the Canadian Pacific Railway, but I do not think that company is likely to pay dividends on its common stock in the very near future.

I should like to point out also that the shops of that road extend from the Atlantic to the Pacific, and there were some 8,500 men affected. The Canadian Pacific Railway took the attitude that they could not afford to keep these shops open without some assistance. I do not want to make a comparison between the railways, but for years we have been giving assistance to the Canadian National Railways and I do not think there is anything out of the way in the fact that for two years we have assisted the Canadian Pacific in order to keep these 8,500 men employed. We must remember that in all probability a larger amount than the interest on these loans would have been paid out in direct relief had we not taken this action.

Mr. VENIOT: I should like it distinctly understood just what I had in mind; I am afraid the Minister of Railways may have misunderstood me. I do not criticize the lending of the money to help the Canadian Pacific Railway. What I do criticize is the method that was adopted, and I am justified in that criticism by the remarks of the minister. Under the terms of the second order in council the money must be paid back before any dividends are declared; evidently the government saw the folly of their way.

Mr. MACKENZIE (Vancouver): What was the amount of the loan?

Mr. HEAPS: I should like to ask the minister if he has any idea of the kind of work in which these 8,500 men were engaged?

Mr. MANION: I do not know the details, but it was shop work of some kind. I think they called them the back shops, but I am not even sure of that.

Mr. HEAPS: I received a letter this morning which, had I known this matter was coming up, I would have brought with me. I will undertake to show it to the minister perhaps before the day is over. In this letter it is complained that some of the men employed in the Canadian Pacific Railway shops have not received the amount of work they should have received under the money advanced by the government. This is the claim they put forward. Whether it is justified I cannot say, but I hope an investigation will be made. In this communication which they have sent me the men complain that a large part of the money loaned by the government to the Canadian Pacific Railway was used to pay permanent officials who perhaps would otherwise have been employed whether the shops were closed or not. In this way, they say, the Canadian Pacific Railway escaped what were probably ordinary obligations in using the money to pay permanent officials so that men who ought to have been employed for a longer period were consequently given a shorter term of employment while others had to walk the streets. The Prime Minister this afternoon said that there had been submitted to the government a statement of the wages paid by the Canadian Pacific Railway to the men, and on the basis of the work slips signed by the men an amount of money was advanced to the railway. I have no doubt the Prime Minister's statement was correct, but in view of the letters I received this morning from men actually employed in the workshops I think the Minister of Railways should investigate the matter and see whether the facts are as indicated. The men, I repeat, make the statement that the money advanced by the government to the Canadian Pacific Railway was used to pay officials who would perhaps be employed in any event and that an insufficient sum was used for the purpose of giving employment to the workmen.

Mr. MANION: I do not believe there is truth in that statement. Money was borrowed for the purpose of giving employment to men in the shops and I have every reason to believe that it was used for that purpose. Naturally I cannot give details, but I have confidence enough in the management of the Canadian Pacific Railway to believe that they kept faith with the government in that regard. After all it is obviously difficult for men working in the shops to be able to tell positively what disposal was made of the money borrowed by the railway. It is a common practice among men in the ranks to criticize the officers of the army. It is not necessary that one should go further than the war to find that out. I myself heard severe criticisms from privates who did not know anything about a particular battle front apart from what was going on in their own immediate section; yet they were quite free in their criticisms of headquarters staff. The same is true of workmen generally; they are prone to criticize headquarters. I believe that the Canadian Pacific Railway did with the money exactly what they undertook to do and provided work for the men as far as they could.

Mr. HEAPS: I do not think the minister quite understands the position. In the shops themselves there are a large number of permanent officials. I have worked in the shops so that I have some idea of the situation. In these shops these permanent officials are on a monthly salary and they are the ones in

respect of whom the complaint is made. The money was used to pay them instead of a greater proportion of it having been used to give employment to men who had to walk the streets. I will hand on to the minister the communication I have received and I hope he will investigate the matter.

Mr. MANION: I will do that.

Mr. SPEAKMAN: I regret that the Prime Minister is not in his place because I wish to make a slight comment on a statement he made. I do this for the sake of accuracy, because I think it is essential that we should have a true picture of conditions in the country, neither exaggerated nor underdrawn. In the course of his remarks the Prime Minister congratulated us on the fact that approximately sixty per cent of the farms in Alberta and Manitoba were free from mortgages, only about forty per cent or a little less being mortgaged. I had heard that statement before and I therefore made inquiries and found that my own impression was absolutely correct and that this was not the case. It is true that some sixty per cent of the titles to farms in these provinces are clear of mortgage.

Mr. HANBURY: By acreage or number?

Mr. SPEAKMAN: By number. But that does not mean that the title in every case rests with the farmer. It does not take account of the agreements of sale. The titles to a great many of the farms are held by land-owning companies, such as the railway companies, the Hudson Bay Company, and various land-holding concerns. They are sold to the farmers on agreements of sale and paid for over a term of years, and while the title is clear it is not held by the farmer. So far as the farmer is concerned therefore an agreement of sale is the same thing as a mortgage. I know of my own knowledge—this is not a matter of authentic record however—that the percentage of farms now being paid for under agreements of sale is greater than the percentage of mortgages, so that so far as the farmer himself is concerned, although the statement made by the Prime Minister is technically correct, taking the actual mortgages and the agreements of sale, the percentage is nearer ninety than forty. The Prime Minister's statement is technically correct but it leaves a wrong impression, and nothing is gained by underestimating the situation any more than there is advantage in exaggerating it. It makes no difference to the farmer whether he owns the title and has subsequently borrowed money and placed a mortgage on his farm, or whether some land-holding company holds the title and he has to pay under an agreement of sale, for in any event the farm is a mortgaged one. I confirmed my impression by inquiry at the bureau of statistics.

Mr. HANBURY: Some minutes ago I asked the Minister of Labour a question with regard to advances being made to the provinces, municipalities and so on, and he gave me an answer which explained the position the government had taken during the past year and which they might be expected to take in the coming year. What the minister said is however hardly a definite answer. I realize of course the difficulty of giving a definite answer. I wish to ask him now a definite question. Should one of the provinces of Canada be unable to meet its obligations and be in danger of defaulting, would this government furnish it with sufficient money to meet those obligations?

Mr. GORDON: I agree with my hon. friend in one respect at least, that his question is a difficult one to answer. If there arose such an occasion as he indicates, the coming of the federal government to the relief of the province unable to meet its obligations would and, I think, should be determined from the point of view of conditions in the country generally, and the capacity of the federal government to assist the province concerned. I can however go as far as this with confidence, that if a province found itself in such a financial position that it could not carry on and was unable to meet its obligations, the federal government in such an event would hesitate before refusing to render assistance, because the seriousness of permitting a province to default generally might very well entail very severe results from the point of view of the federal government itself. The question is hypothetical.

Mr. HANBURY: Not at all.

Mr. GORDON: It would depend in large measure on the conditions generally at the time of such an event as the hon. gentleman suggests.

Mr. HANBURY: I may be giving the minister a difficult question to answer but I believe the people are entitled to this information. He says that it is a hypothetical question, but it is far from that. It is being done by this government and it has been done, and I am just asking what they contemplate in the future, whether this is a definite policy upon which the people can depend. I think we are entitled to know.

For myself, I am not in favour of it. As I stated before, I quite agree that in the past the government may have been justified; I do not criticize the action they took in the past, but does the minister and do hon. members of this house realize that the policy of this government in financial matters simply means that the federal government is assuming responsibility for every national institution, every province and every municipality in Canada? Our hon. friends in the far corner are criticized when they talk about the nationalization of credit and things of that sort, but what else is this but a nationalization of credit? What else has the government been doing but nationalizing credit? Will this government permit a municipality to default? They say they will, but a province will not.

An hon. MEMBER: They have.

Mr. HANBURY: They put in their own men and they assume the responsibility of operating the municipality. This government will not permit a province to default, but I say that the time has come when in order to maintain the federal credit the provinces should be asked to look after themselves.

Mr. MORAND: Your basis is wrong.

Mr. HANBURY: My basis is not wrong. The time has come when the federal government cannot continue to pyramid its responsibilities. It is behind every railroad company, every trust company, every mortgage company, you might say, every insurance company, and every bank. In other words, we have pooled the credit of Canada. If we have done this and if we are going to continue to do it, then it should be announced as a definite government policy. As I see it, the time has come when we should say that we are not going to continue to do this. I come from a province that requires assistance, but in the national interest I think the time has arrived when that province should be told to stand upon its own feet. I realize that the time may come when the federal government may have to assume responsibility in so far as the bondholders of that province are concerned. The government is just staving off the evil day and perhaps bringing closer the day when the government's own bonds will not sell at the price at which they think they should sell. The time has arrived when the provinces of this country should shift for themselves, and I should like to have the assurance of the government that they will seriously consider the matter before they continue their present policy of pooling the credit resources of the whole of Canada.

Mr. COOTE: Mr. Chairman, I should like to say a word upon this point before we drift to something else. Right at the outset I want to say that the Dominion government is more responsible for the position in which certain provinces and municipalities now find themselves, that of being unable to meet their bond interest, than anyone else. It is the money policy persisted in and carried out so consistently by this government, the so-called sound money system, which has made it impossible for some of the provinces and municipalities to do their own financing. First of all, this government is responsible for unemployment, and then it insists that the provinces and the municipalities shall bear two-thirds of the burden of unemployment relief. The provinces are forced to borrow money for this unemployment relief, upon which borrowed money they have to pay high interest rates. One of the reasons for these high interest rates is the national service loan which was floated over a year ago. This loan carried a high rate of interest, and the western, and probably the eastern provinces as well, when entering the money market found that they had to pay the highest rates of interest that they had ever paid in their histories. Dominion of Canada bonds are supposed to be the best class of security, and when they carry a high rate of interest the province, the municipality or the corporation issuing bonds finds that it has to pay a rate of interest higher than this government. When this national service loan was floated with such a high rate of interest other outstanding bonds, amounting to probably billions of dollars, bearing lower rates of interest, immediately dropped in value. Many of these bonds were held by our financial institutions and in order to take care of that situation the government passed an order in council authorizing the banks to value their securities higher than the actual market value.

Let me come back to the government's money policy and the reference made this afternoon by the Prime Minister to the Manitoba savings bank. The right hon. gentleman said that when the government took over the assets of this bank it was found that it had nothing but the I.O.U.'s of the province, and he inferred that those I.O.U.'s were not worth their face value. That was the only inference I could draw from his remarks. If the bonds of the province of Manitoba are not worth their face value it is because that province cannot collect enough in the way of taxes to pay the interest upon those bonds. The reason they cannot collect enough taxes is because the price level of

agricultural and other products of that province is so low. The reason for these low prices is the unsound money policy of this government which makes the British pound worth only a little over $4. Last year it was down to about $3.70. The government's effort has been to keep down the value of the pound, or keep up the value of the dollar. Had this government adopted a more sensible and fairer money policy, the pound to-day would be worth $4.87, and would have been at least at that value during the past year. The western provinces, and probably some of the eastern provinces, would then have been able to collect several millions of dollars more in taxes. The farmers of Manitoba would have been able to pay the taxes which they have not been able to pay, and which will probably remain unpaid for some time.

I say to the committee that the Dominion government has a great responsibility in assisting the provinces and municipalities. Of course it is a case of how far it can be done; we may come to the point where it cannot be carried any further, but the responsibility rests chiefly with this government. I do not think that we can simply wash our hands of the whole affair and tell the provinces and the municipalities that they must look after their own affairs; it would not be fair. It is the unsound money policy of this government which has ruined the credit of some of the provinces and the municipalities, and it will finally ruin the credit of the dominion if it is persisted in too long.

Mr. NICHOLSON: Does the hon. member consider it is sound banking for a provincial savings bank to liquidate the savings of the people and place bonds instead of cash in its vaults?

Mr. COOTE: I am not discussing the policy of the savings bank in Manitoba, I am discussing the question raised by the Prime Minister as to the value of the bonds of Manitoba. I think it will be found that the banks of Canada have many millions of dollars of these bonds. It is under the banking system of which he is so fond that the tremendous bonded indebtedness of our provinces has been built up. It is because of the silly, perhaps I should say senseless financial policy which has been followed in Canada for so many years that we have borrowings, I suppose amounting to hundreds of millions of dollars, in foreign countries, and these foreign borrowings constitute a great weight upon the people. These undertakings should have been financed in Canada through the operations of a government central bank. I know my hon. friend does not like the idea of a government bank, but I would like him to think a minute and consider the position we are now in under the system which he thinks is O.K., one hundred per cent perfect.

Mr. NICHOLSON: My hon. friend apparently misunderstood my question. I was not referring to what the banks generally were doing; I was referring to the provincial savings bank in Manitoba. That bank purchased Manitoba bonds—government I.O.U's—with the savings of 40,000 people and placed them in its vaults, thus making it impossible to keep its assets liquid. The result was that because of that depositors could not get their cash with which to pay the bills and taxes to which my hon. friend referred.

Mr. COOTE: Most banks consider bonds are liquid assets. Whoever heard of a savings bank keeping all its money in cash? That is never done. I can go further and say that no bank in the world to-day can within two weeks meet all its liabilities if it were required by the investing public to do so—

Mr. NICHOLSON: Was it two weeks?

Mr. COOTE: —it is not banking business.

Mr. HOWDEN: I should like to address the minister on rather a different matter. We have talked about a lot of things that might happen if something else happened, but in Manitoba there is something that has actually happened. In the whole of that province there are two points at which relief measures have absolutely broken down. In the city of St. Boniface no relief of any kind has been advanced for the last ten days. I have heard the present Prime Minister and the former Prime Minister, the leader of the Liberal party, state that according to the constitution of this country, relief must be sought in the first place from the municipality, in the second place from the province, and, finally, in the case of those two bodies falling down, from the federal government. Well, these two bodies have now fallen down; there is not a dollar forthcoming; we have about 1,000 or 1,500 pretty snorty, cranky men milling around in St. Boniface, and I would not be very much surprised to see a heading in the paper that half the place had been burned down. Just what is going to be done about the matter? I have made it my business to interrogate the ministers of this government before, both on the floor of the house and privately. So far, there seems to be no possible chance of relief coming from this source, and if we cannot get relief from this source, then so far as the city from which I come is concerned, God help us, because we have no money.

The banks have definitely refused to lend money either for relief purposes or to carry on the administration of the city. With the exception of some $20,000 or thereabouts which the federal government was good enough to advance some days ago, no moneys have been advanced to the city of St. Boniface since last December, but $20,000 is simply a drop in the bucket.

Mr. GORDON: That is the amount of the bill sent in to us and we paid it.

Mr. HOWDEN: But the minister will admit I have discussed this matter with him and have handed him communications, telegrams; that he has received similar communications and so has the Minister of Finance, pointing out that in this community of 10,000 people they are positively up against a stone wall. More than two-thirds of the citizens of Transcona and of St. Boniface are unemployed; sixty per cent of them are or were on relief and now there is no relief forthcoming. I should like to ask the minister whether, in heaven's name, there is any chance of our getting any help before we have bloodshed, pillage and other forms of trouble in that part of Manitoba. There is no help, no relief forthcoming from the province; the city is flat broke, insolvent. Is this government going to come to our aid or is it only going to send military troops after we have had open revolution and fire?

Mr. GORDON: I have had two interviews with the hon. member for St. Boniface about the situation in that municipality. I do not understand and I cannot conceive why we do not receive such representations from Manitoba. All we have to have is the bill so far as St. Boniface is concerned, and we have not had any such bill that we have not paid. I ask the hon. member this question—and I do so not with any desire to be acrimonious—has he made the same representations to the premier of his province that he has made to me?

Mr. HOWDEN: I can reply to that by saying that I am not supposed to make these representations to the premier of my province. I am a member of the House of Commons, and the fact is that the officials of the city of St. Boniface have appealed to me to make representations on their behalf because they can get no succour from Manitoba. I know nothing about the premier of my province or his administration, but evidently whether he is forced to do so or whether he is voluntarily doing so, he is not affording to those communities the degree of relief that they need. The minister will agree with me that messages have come to the federal authorities and there is no doubt about the conditions that prevail in those communities.

Mr. GORDON: Messages from the mayor of St. Boniface.

Mr. HOWDEN: Three months ago the city of St. Boniface discharged one-half of their officials because they could not see any possible chance of paying them. That is the condition of affairs; there is no doubt as to the situation. The town is full of unemployed, people who have been on relief. Now the relief is shut off. What are we going to do? May I ask the minister whether, in view of the articles of the constitution of the Dominion of Canada which state that the dominion shall come to the relief of those who cannot find relief from either municipalities or provinces, we may hope for some succour, some relief, for those people who at the present time have no means in the world of sustenance?

Mr. GORDON: If it is made known to this government by the Manitoba government that the city of St. Boniface—and I understand it has had a very difficult time financing the municipality for some years past; perhaps I am wrong in this, but I believe it has been in receivership for a long time—

Mr. HOWDEN: Quite so.

Mr. GORDON: Surely there can be no great difficulty if the man in authority, whose responsibility is certainly primary to ours, will disclose to his government that in his opinion the municipality cannot pay anything, and if Manitoba has come to the point where it has ceased to function as a province so far as St. Boniface is concerned, it will not take me very long to make up my mind as to what shall be done. I would earnestly ask the hon. member to make that representation by wire to the Premier of Manitoba and see what he says about it.

Mr. HOWDEN: Have I the minister's undertaking that if I receive from the Premier of Manitoba a message that he is quite unable to render any succour to the city of St. Boniface, I may expect help to go out from this federal body?

Mr. GORDON: We shall certainly take such action as will ensure that people will not suffer for want of the necessities of life. At the same time I am not unconscious of the fact that those who essay to administer the affairs of a province cannot sit back and shift their responsibility to somebody else.

Mr. HOWDEN: I am very glad to have that word from the minister, and I shall see to it that some word is forthcoming in the very near future.

Mr. BRADETTE: I want to supplement and enlarge upon what I said yesterday with respect to the back to the land movement. I had not finished when my time was up. I know it is not very popular for a so-called back-bencher to make long speeches, but at the same time it is the duty of a member of parliament to bring as forcibly as he can before the house the situation which he finds in his own section of the country, particularly when it may develop into a national situation.

I said yesterday that I was in favour of the back to the land movement, and that during the last two or three years there has been a reverse movement from the cities back to the rural centres. There are now tens of thousands of people in our industrial centres who are trying to find useful occupation on the land, and I want to compliment the government for its efforts in that direction.

I want to enlarge particularly upon a certain feature affecting the agricultural class in my own section of the country. Most of them are settlers, and some of them are now graduating into the farmer class. But in that class we find unemployment. Their position is much the same as that of our western farmers in that they are not receiving fair remuneration for their products, particularly for their pulpwood. The government has taken the initiative in bringing these settlers to my own section of the country, and the first crop they will have on their new holding will be pulpwood. It is the only production they will have for a good many years to come. I am sorry to say that the only market which we have for our pulpwood, and this applies to practically all primary products, is the United States, which is now shut to us. I saw a dispatch in this morning's paper that the Prime Minister is going to visit Washington and discuss with the American authorities a larger market for Canadian products in the United States. If this report originating from a press report in England is true, I fervently hope that the Prime Minister will consider the pulpwood question so that we can find a reasonable market for the primary product of the settlers in the newer section of Ontario and elsewhere. It would make the situation all the more easy for the government in maintaining our population on the land.

This winter, under direct relief, which is properly applied in my section under the guidance of Mr. Tackaberry, one of the major officers of the northern development branch, the settlers on direct relief were paid $2.75 a cord for pulpwood. Anyone who knows anything about the ordinary pulpwood lumbering operations knows that it is absolutely impossible for any Canadian to earn his salt at that rate of pay. The least they should get is $4 or $4.50 a cord. Anyone who knows all the labour involved in cutting a cord, piling it in the bush, hauling it to the siding and loading it on the car, a very hard and slow process, knows that $2.75 a cord is absolutely ridiculous. I know that the government cannot settle this question overnight, but I fervently hope that the Prime Minister, if he visits Washington, will find it possible to open up that market to us. Two years ago he stated in this house that foreign countries had to come to Canada to buy their raw materials. But that does not apply so far as pulpwood is concerned, for our exports of pulpwood in the last three years have been almost nothing, the United States buying most of her supplies from Russia, Finland and other Scandinavian countries. Because of our close proximity to the United States and our railway facilities which place practically all sections of this country within easy reach of it, that is a market which I think should be regained for Canada.

As I said yesterday, we are going to see more and more of the back to the land movement, but at the same time the agricultural class must be helped more than it has been in the past. Under the scheme to which this government contributes, the settler receives a total sum of $600, as was stated by the Minister of Labour the other day, $500 being paid the first year, and the balance of $100 being reserved to take care of the settler in his second year. As I said a moment ago, we have unemployment among the agricultural class in my section of the country. Nearly seventy-five per cent of our own settlers, who have been settled for fifteen or twenty years, are now on direct relief, and unless measures are taken to anticipate the situation within the next two or three years, the back to the land movement will mean that there will be more unemployment. Is there a solution for that difficulty that we can foresee? I answer in the affirmative; yes, there is. I believe it is the duty of the central government to inaugurate a scheme for bonusing land clearing. As the minister knows well, for the last ten or fifteen years we have been agitating in northern Ontario for a land bonus scheme. Last winter, in the Ontario legislature, one of the committees of that house made a recommendation in favour of a land bonusing scheme. The province of Quebec inaugurated

such a scheme some seven or eight years ago, and I am in a position to know that it has done a lot of good for the northern part of the province. It is absolutely outside of politics. I am glad to be able to support my colleague from North Cochrane, Mr. A. Waters, who spoke in the Ontario house last Monday in favour of such a land bonusing scheme. I hope that the Minister of Labour, who I know has great influence with the government and is well known in every section of northern Ontario, will find it possible to inaugurate such a scheme. It would not take any very large sum of money because, from information I have received from the Department of Agriculture for the province of Quebec, I find that the average yearly expenditure under their scheme for the last three or four years has been $300,000. I maintain that if we inaugurated such a scheme the people who are now on the land would be absolutely self-sustaining within a very few years.

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

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 31, for the relief of Margaret Borham Willson.—Mr. Bell (St. Antoine).

Bill No. 32, for the relief of Clarence Eldon Durham.—Mr. Garland (Carleton).

Bill No. 33, for the relief of Maurice Pashlink Simon, otherwise known as Maurice Simon Pashlinski.—Mr. Hanson (York-Sunbury).

Bill No. 34, for the relief of Marjorie Elizabeth Rae Dixon.—Mr. Bell (St. Antoine).

Bill No. 35, for the relief of Joseph Adrien Desmarteau.—Mr. Bell (St. Antoine).

Bill No. 36, for the relief of Henry Norman Bethune.—Mr. Anderson (Toronto-High Park).

UNEMPLOYMENT AND FARM RELIEF

CONTINUATION FOR ONE YEAR OF PROVISIONS OF RELIEF ACT, 1932

The house resumed consideration in committee of the following proposed resolution—Mr. Gordon—Mr. Bury in the chair:

Resolved, that it is expedient to introduce a measure to continue in force the provisions of the Relief Act, 1932, until the 31st of March, 1934.

Mr. BRADETTE: When we adjourned at six o'clock, Mr. Chairman, I was enlarging upon the back to the land movement and suggesting that the government inaugurate in every province of our confederation a land bonusing scheme which is absolutely workable. After giving very thorough study to that suggestion for many years I believe the amount of the bonus to each family should be $25 per acre per year for not more than ten acres, for land that is cleared and put under cultivation and seeded. For single men the maximum might be five acres and the bonus $25 per acre per year. Already this scheme is in operation in the province of Quebec, where the maximum amount given is $24, made up of $12 for the clearing of the land to those who actually reside on it and $12 for putting the land under cultivation. This scheme has worked very well in the province of Quebec for the last seven or eight years.

I should like to speak for a moment of the conference held here last winter between the provinces and the dominion I believe the federal government was satisfied with the present policy, and I believe the provinces were looking to this government for direction. I am afraid that direction has not been given, but I hope that before we meet next session some scheme similar to the one I have suggested will have been established by this government instead of the present one of laissez-faire.

This afternoon I said that those taken from the cities and placed on the land under the present scheme have at their disposal a maximum $600, of which $500 is spent in the first year and the other $100 the following year. The man who is placed on new land in Ontario will not be in the same position at the end of his two years as will the same class of man who has been settled on land in Quebec. Under the present scheme of land bonusing in Quebec those people who have taken advantage of the scheme will have at their disposal for the first two years an average of $200 a year, and I think the federal government must realize that the people they are placing on the land now will have to be maintained for more than two years. I say this because I know the real situation in our part of the country. Last fall I read an editorial in the Ottawa Journal praising some financier who had made a speech in this city in which, the Journal claimed, he had stated the situation exactly as it existed so far as finance, industry and commerce were concerned. It is not a pleasant duty for members of parliament to discuss serious situations which may exist in their ridings, but I believe the principle which applies to financial or business men also applies to members of parliament. I am making these statements now not because it gives me any pleasure but because I realize my duty as a member of this house.

Let me urge as strongly as possible that the federal government inaugurate in every sec-

tion of the country a system of bonuses, for clearing land in timber areas and for breaking land in the prairie provinces. In addition, in many areas there is a good deal of drainage to be done. The minister is familiar with the northern section of Ontario, and he knows that in a great many cases there is some marsh or muskeg to be drained. We all realize, I know, that when these men leave the cities without capital it is absolutely impossible for them to install a proper drainage system. There again I would urge the federal government to use its influence with the provincial authorities so that certain amounts of money may be given those new settlers who have to drain their land. Every man familiar with agricultural activities fully realizes that unless the land is properly drained there is practically no chance of having good crops. I do not wish to imply that the province of Quebec is leading in all these matters, but in this case I think Quebec is showing the way. In that province a certain amount of money is granted according to the percentage of drainage done on each holding, and I think that principle should be applied in Ontario and the other provinces as well.

During the present session we have heard expounded some very wonderful theories, and when I speak of the back to the land movement I know that I am talking shop. I do believe, however, that in the solution of the present agricultural problem we will find the solution of most of our troubles. I mentioned that fact some time ago, and I should like to enlarge upon that statement, but I believe an opportunity will be afforded me when I speak on the budget. At the same time, this government in cooperation with the provincial and municipal authorities is placing people on the land. These people have been accustomed to highly mechanized surroundings, whether they were working in factories or in other occupations, and we also know that it will be almost impossible for them to get very much machinery for the first few years on the land. Because of that fact alone I want the government fully to realize their responsibility for these people for the next seven or eight years.

The problem of agriculture is the most important problem facing us at the present time. The whole world has been interested in the five year plan experiment in Russia. There the government, which had power over tens of millions of people, decided on certain formulas in order to put that country on an industrial and agricultural basis which would be equal to that of the older and more civilized countries. This was all to be done within five years. I believe the plan has worked well so far as industry is concerned; they have factories producing machinery, automobiles, farm implements and so on, but if the plan has been a failure—and I believe that in many ways it has been a ghastly failure—it is because of the fact that you cannot conduct agriculture by formulas. In the application of the five year plan they left so much to industry, so much to hydro and so much to other forms of industrial development, while to agriculture they decided on the production of millions of bushels of grain and other commodities. However, such formulas cannot apply to agriculture. Because of drought and climatic conditions that nation to-day is close to starvation; the farming class have not been able to produce what it was thought they would produce. To some extent the same thing applies in our own section of the country to-day.

The movement back to the land is going to increase steadily and I think the government should make a thorough study of the situation. Indeed I think it would be worth while for the provincial and federal governments to hold a conference to investigate that aspect of the subject alone. That the situation may become serious is indicated by the fact that only a few days ago the hon. member for Stanstead brought the house to a realization that even the committee on agriculture could not deal with all phases of agriculture in every part of the Dominion. I hope the government will find it possible to remove the anomaly that now exists as between the urban and the rural population in this country. I believe that it is in this direction we should look for a cure for the evils from which we are suffering at the present time.

I will not deal at greater length with the problems that arise under this act. What I stated a week ago I repeat now, namely, that so far as northern Ontario is concerned we do not believe in the principle of direct relief. It is a palliative, I admit, and the Minister of Labour under present circumstances, seeing that the federal government has not found it possible to inaugurate a policy of public works so as to give employment to Canadians, no doubt has to maintain this act for another year. I fervently hope however that for the sake of the morale of Canadians, whether urban or rural, the government will find it possible at the end of twelve months to adopt a different system whereby Canadians who are anxious and willing to work may be given employment and not the dole.

All the newspapers in northern Ontario, such as the Northern Tribune of Kapuskasing, The Northland Post of Cochrane, and The Porcupine Advance of Timmins, have been decrying this so-called direct relief and asking that the government spend money on capital works. This country will have to make capital expenditures in that northern section, where we have wonderful resources. The population is sparse, and the government might very well spend money on public undertakings. The trans-Canada highway, the construction of colonization roads, and airways enterprises in the Department of National Defence offer opportunities for the expenditure of moneys in a public way, which would help not only the present situation but any situation that might occur in the future. I have been reading an editorial from Saturday Night, which I believe is a journal that is friendly to the present administration. It is the issue of March 4, 1933, and from it I quote the following:

This Country Needs Relief From Relief

The state of despair into which we were thrown a few weeks ago by the revelation that the Dominion-provincial conference, of which we had formed high hopes, was not and was never intended to be a serious step towards the solution of any of our economic problems, has lasted until the present time and is still enduring; and under its influence we have, we believe, made practically no reference to any conceivable early alleviation of the country's troubles, save such as may come from the international debt or currency policies of other countries. This silence does not mean that we consider the present state of unemployment relief administration to be any less serious than before; we have merely no hope of anything being done about it. When, therefore, a minister of the crown tries to induce the Canadian people to believe that the problem is solving itself, it is time to protest against that assertion even though we have no expectation that he or his colleagues will do anything to solve it whether we protest or not.

The Hon. W. A. Gordon estimates that Dominion expenditure on relief for the year to March 30 will be below 25 millions. It is possible, though we think not probable, that the amount put through the books may be within that figure; but there is a very heavy lag in the charging of such expenditures against the final guarantor, the Dominion government, and we are convinced that the liability really incurred in the year will be far greater.

This optimistic figure Mr. Gordon compares with that of 41 to 45 millions attained in the preceding year (it is odd, by the way, that the expenditure of a year long since past should still be so vague and that of a year not yet ended so exactly computable), a year in which the method employed was that of financing needed public works instead of the present entirely non-productive "dole." In other words the country got something for most of the 45 millions; while it gets absolutely nothing for its 25 millions; and a considerable part of the 45 millions went not for labour at all but for materials. We are not defending the 1931 system, which we believe was grossly extravagant, but merely pointing out the meaningless nature of such comparisons.

In our section of the country we have had what has been known as the Sturgeon Falls scandal, and the population of that section has come in for a good deal of criticism. In this connection I wish to read the following from an editorial that appeared in the Porcupine Advance of Timmins, of February 2, which places the blame for the present state of affairs there, not on the people of Sturgeon Falls but absolutely on the act itself. I quote:

For some weeks past some of the newspapers of the province have been fairly feasting upon the sensational disclosures in connection with the administration of direct relief at Sturgeon Falls. Day after day has brought its startling disclosure. And then comes an anti-climax! The people of Sturgeon Falls explain it all by blaming it all upon the newspapers! The newspapers have made a sensation out of inconsequential details, the theory says. The whole thing doesn't amount to anything in particular (so the explanation runs) but the newspapers have made a mountain out of a collection of molehills. Of course, quite a respectable little mountain could be made out of molehills, if you had enough of them,—and there seems to be quite a number of molehills in this Sturgeon Falls business. But after the excitement, sensation, astonishment and alarm created by the evidence in the Sturgeon Falls investigation, such an explanation seems cheap, paltry, common! The Sturgeon Falls folks had given hopes of better things. They had shown inventiveness, originality, and romance, and a fine grasp of the essentials for attracting attention. Why spoil it all by a cheap, time-worn, ancient old wheeze, like saying the newspapers are to blame. That is the excuse of all the cheap fellows, whether politicians or criminals or overtalkative fellows alarmed at their own words. Some day newspapers will demand relief from this sort of thing, but in the meantime, the newspapers are sadly disappointed in the people of Sturgeon Falls. Why not blame it all on direct relief? That would be nearer the mark. Direct relief lowers the morale of the people, fosters fraud, encourages dependence, indolence, chicanery and what have you. The newspapers only told about it all. Direct relief was the father, mother and whole family tree of the evils that have shamed Sturgeon Falls.

That editorial I believe reflects the feelings not only of the people of northern Ontario but of every section of Canada.

There is another matter I want to discuss for a moment or two. I believe that in connection with this relief measure we are creating another bureaucracy. So far this country has kept itself pretty well away from that danger, but here we are setting up a new set of officials whose duties frequently overlap those of existing officials. In northern Ontario there is an organization that looks after

the farmers and settlers, and generally speaking the higher officials of that organization enjoy the confidence of the people. Now, I believe that the administration of direct relief should be left in the hands of the northern development branch. There are officials in every locality under this relief measure and personal conflicts are bound to come up, to the detriment of the whole scheme. I know that I am expresing the views of the Conservative member for North Cochrane in the legislature of Ontario, because he made the same statement in the legislature this week, when he urged that the administration of direct relief be left in the hands of the officials of the northern development branch. The Ontario government finds it necessary to curtail expenditures to some extent in connection with the branch, but it must maintain a skeleton staff, and most of their officials—I could mention many names which are well known to the minister—are men who are fully equipped for the administration of relief. They know the situation thoroughly and are familiar with all the conditions that exist in that part of the country. Why have this overlapping of officials? I am making this suggestion in all sincerity and I hope it will be received in that spirit. I have seen it work out last summer, I have heard of many cases, and I have come to the conclusion that we have too many officials bringing about a conflict in jurisdiction. The provincial government has a splendid body of officials and efficient organizations which cover eighty per cent of the area of the province of Ontario. They are fully equipped and have had experience during the present depression, and I feel that their work would be satisfactory to everyone concerned.

I stated last Friday that perhaps we could criticize some of the acts of administration or certain cases here and there where politics had played a part, but taken as a whole I believe that the administration, as far as northern Ontario is concerned, has been carried out without political interference. I hope the minister will find his way clear to cooperate along these lines in the application of the direct relief act. May I again express the hope that the government will find it possible to provide work for many of the men up in our fine section of the country.

My last appeal is that the government devise means whereby in useful and fruitful occupations our people may again come into the full meaning of Canadian nationhood.

Mr. DONNELLY: Mr. Chairman, I feel I would be neglecting my duty if I did not say a word or two in connection with this unemployment and farm relief measure now before the house. An idea seems to be prevalent in the mind of the government and of many people in the city that if they can only get the people back to the land, all will be well; that all we need to do is to get our unemployed out of the cities and towns and on the land and then they will be able to make a living. Speaking in this house last November, I stated that it was impossible for any man to take the best farm in western Canada and make a living out of it and pay his taxes. Yet this government seem to think that the only thing they have to do is to get a man out of the city, send him out to a farm and all will be well. There is no class of people in the country to-day suffering as much as the farmer. The farmer is receiving for his products only one-fifth of what he received in 1929. Day by day, week by week and month by month his condition is becoming worse and worse.

Just look at conditions this year as compared with last. I hold in my hand the live stock market report for December 29, 1932, sent out by the Department of Agriculture. The first item that appears is butcher steers—the prices quoted are the top prices for each item. The price at Moose Jaw for the week ended December 29, 1932, was $2.75 per hundredweight. It costs the farmer about $1 per hundredweight to get his cattle to the market, so he would net $1.75. In 1931, he received $5 per hundredweight, or a net figure of $4. Yet the farmer is prosperous and the depression is over! We are to congratulate one another upon the prosperous condition of the agricultural worker. If a farmer sends an ordinary cow into market he finds it has no value at all and in many cases he must put up a deposit to cover the cost of transportation. Yet some of our hon. friends on the other side from Quebec state that the farmer in western Canada is so prosperous that he can go down to California to spend his winters!

The next item is select bacon hogs. On December 29, 1932, the farmer got $3.40 but in 1931 he got $4.20. What do we find with regard to wheat? Last year the farmer received somewhere between 55 and 60 cents per bushel, and as it costs about 20 cents to get the wheat to market the net return was in the neighbourhood of 35 or 40 cents. But what is the farmer getting this year? The prices have run between 40 and 48 cents, so the farmer is receiving from 25 to 28 cents per bushel. Yet we are told that this year he is a lot better off than he was last, and that we should get all our unemployed back on to the farm.

Take the matter of poultry. Last fall I saw several carloads of turkeys being purchased to be shipped to eastern Canada. There were big headlines in the paper stating that the Canadian turkey was receiving the top price in England, and what a wonderful bird it was. It is a wonderful bird.

Mr. DUFF: The Prime Minister went over with some of them.

Mr. DONNELLY: He went over to England but I do not know whether or not he went over with the turkeys. One year ago the farmer received from 12 to 18 cents per pound for his turkeys, but what did he get this year? From 4 to 9 cents per pound—not half as much. I saw three large birds, each weighing from 12 to 15 pounds, sell for 50 cents each. They were off grades, they had a little twist in their breastbones and could not be graded as number ones, but the meat was there and they were just as good as the others.

I repeat that the farmer in western Canada is unable to make a living, and yet we are being told that the thing to do is to send our unemployed back to the land. They are to be sent back to the land in order to produce more so that the farmer will have additional competition and have his prices lowered still further. This is the condition as it exists to-day. The condition of the farmer is becoming worse and worse. This afternoon the Prime Minister told us how he had looked after seventy municipalities and had sent out direct relief to 330,000 in the dried out areas of Saskatchewan. It seems that every time we speak of the farmer we speak of relief, but when we speak of the Canadian Pacific Railway or the provincial government, we say we are giving them financial assistance. All we are doing for the farmer is to finance him. For years and years the farmer in western Canada has been going to the merchant who would finance him until he marketed his crop, but to-day the merchant cannot do this. The result is that the government is financing the farmer, but for everything the farmer gets he has to sign a note to the government. Why is it that the farmer in these dried out areas who has had the hand of Providence against him for the last three or four years has to sign a note for anything he receives in the way of assistance when he is hungry or wants a bed upon which to sleep, although the man in the city or the farmer in any other province does not have to sign a note when he is given similar assistance? Why does this government compel our farmers in the dried out areas to sign notes when they do not do it anywhere else?

Mr. GORDON: This government never compelled them to sign notes.

Mr. DONNELLY: I beg your pardon, I have the notes right here. I have one of your agreements and if it is not asking that a note be signed, I should like to know what it is.

Mr. GORDON: When the hon. member said "this government," did he mean the Dominion government?

Mr. DONNELLY: Let me read it for the hon. gentleman. If it is not for this government, it is not for the government of Timbuctoo:

I,....., the above named applicant hereby faithfully promise and agree to pay to the Saskatchewan Relief Commission on behalf of His Majesty the King in the right of the Dominion of Canada—

If it is not this government, what government is it? Is it the government sitting over there, or what is it? This is the government that asks men to sign these notes, and, by signing them, to agree to pay the money back. We ask the Prime Minister why he did this. "Well," he said, "I have received many telegrams from people in western Canada asking that this be done." We asked for copies of those telegrams, but we never received them and we never found out what happened to them. When I was in western Canada, on every platform I stood I asked that those who had sent telegrams should stand up, but I have never yet seen anyone do so. I believe they were afraid to stand up in case they might be lynched. Someone suggests that they were afraid section 98 of the criminal code might be used against them and they might be sent to gaol. In any case these people are discriminated against by having to sign these notes, whilst people in other parts of the country receive relief without having to do so. When the Prime Minister was returned at the last election we said: We want not charity, but work; and the Prime Minister promised work. In Regina he cried like a Billy Sunday over the situation.

An hon. MEMBER: It was a sermon on the mount.

Mr. DONNELLY: Yes, we listened to the sermon on the mount then but we listened to the swan song this afternoon. It was a doleful tale, and from the way things are going the tale will be more doleful yet. We say that we should not be discriminated against, and if other people are going to get charity, we are prepared to take as much as any of the rest of them.

The farmers in the dried out areas last year received assistance in matters of farm implements, twine and binder repairs. What do we find? As soon as the harvest is cut and the grain threshed and they begin to take in their crops, they have to send so much in to the municipality for direct relief. In some of those municipalities, if a man had 1,000 bushels of wheat he would have to keep 200 bushels for seed. He would have 800 bushels for sale, so that at from twenty to twenty-five cents a bushel he would receive somewhere between $160 and $200. Out of that he would have to pay $40 into the municipality, that amount being sent on to pay for this direct relief. After they got the $40 they sent a man around to distribute the relief. There was a duplication; they took it from the farmer and they had to hand it back. Over and over again that was done and we know that it is being done all through that area.

We are glad, however, to note one thing. At first when this relief was mentioned, we advised the government not to have relief officers going throughout the municipalities, but to let the relief be handled by the municipal officer. We are glad to note that this year the relief is being handled as we suggested. There are now no relief officers running about the country in high-powered cars. Last year they were driving from one town to the other, smoking big cigars, burning up gas at the rate of $150 to $200 a month, doing nothing but just going from town to town and drawing as much money themselves as they were handing out in relief. To-day we find a municipal officer carrying out the relief work just as effectively at a much lower cost.

Mr. McINTOSH: The government are not doing it in the north in that way; they still have their relief officers sent there.

Mr. GORDON: In answer to the interjection of the hon. member for North Battleford, there will be no relief officers in his constituency.

Mr. McINTOSH: They are there for the provincial government's relief commission, and they therefore indirectly represent the federal government in this matter.

Mr. DONNELLY: In the drought areas the government is handling the relief one hundred per cent. Am I not correct?

Mr. GORDON: We are paying one hundred per cent relief in that area.

Mr. DONNELLY: What we find very strange is that although the federal government is doing that, it has nothing whatever to do with the administration. Does that not seem odd? The government pays for all the relief and yet has nothing to say as to how it is being handled; it is leaving somebody else to do the work. That is the case in my district and others.

Last fall I referred to the manner in which these orders are brought in. A man goes into one of those relief offices and he is asked: How much a month do you want? Last year that was the way in which they handled the matter. This year they decide how much they are going to give and they give the man an enormous sum to spend and to squander. For instance, a husband and wife receive from the relief officers in the way of groceries $4.50 a month, while a single man gets $3.50 a month.

Mr. DUFF: Does he buy grapefruit with that?

Mr. DONNELLY: I do not know whether he buys grapefruit, but this order is sent to him and he takes it to the grocery store. It calls for so much in the way of beans, Epsom salts, rolled oats, tea, coffee and so on, and the price is set down opposite each item. I said last year and I say again that not one merchant that I know of in western Canada is making out that order exactly as it states. He fills it in with something or another; he writes down so much salt, so much rolled oats, and so on. The result is that rolled oats and beans have gone out into that western country in carloads; more rolled oats and beans have been sold there than ever before, yet no more is being handed out than formerly. The merchant fills in the order just as he likes, making it come out to the total at the bottom, and then he asks the customer: What do you want? He hands the order out to the customer just as the latter wants it, and it is taken away. I said that last fall and the former hon. member for Mackenzie, who is now on the tariff board, said that he did not have that experience in his district, but he knew it was wrong. I have seen hundreds of those orders put up; I have asked hundreds of merchants and have yet to find one who says that he does not fill out orders in just that way. Moreover, I saw the relief commissioner in Regina and asked him whether those people were filling out the orders in that way. He said: "I know it." I said: "Why do you not send the people a cheque for $4.50 a month?" He said: "We are afraid to do that; they may spend it in another way." Just imagine! Do they think it is extravagant and that the people will go and buy liquor with it? Why they do not send cheques, it is impossible for me to say.

In addition to that, there is in Regina a little army of clerks—at one time there were

150 or 200 of them—whose occupation was to go over those orders and check them up to see that the right quantities of beans, salt, rolled oats and so forth were entered and that it was figured out correctly at the bottom. But the whole thing was fictitious. It was and still is the biggest part of their job to check up those orders that come in and to see that the bills are filled out correctly. If this government is putting up one hundred per cent of the relief that is being handed out in those drought areas, we regret this is the case, and we do not know how long it is to be continued. An hon. member beside me suggests that it will continue as long as this government remain in power, and I believe it will because I do not think they are in league with anybody, even with Providence. As long as this condition exists in which we are providing one hundred per cent of the relief I do not know why we should not have something to say as to how it shall be administered. This government most certainly should have something to say in the administration of this act

Mr. SPROULE: After listening to the hon. member for Willow Bunch it seems to me that it is time for somebody from Ontario to say a word or two. For two or three days we have been listening to our western friends criticize the government, and one hon. gentleman said he would welcome the day that this government would stop assisting provinces that could not look after themselves, while another hon. member wants to know if the government is not going to continue to look after them.

The hon. member for Willow Bunch talks about the prices for cattle. He knows perfectly well that cattle are not worth any more across the line than they are here, and even if they were we could not ship our cattle into the United States because of their tariff.

Mr. DONNELLY: What line are you talking about?

Some hon. MEMBERS: Sit down.

Mr. SPROULE: Then the hon. member for Willow Bunch talked about the prices for turkeys. He would not give the Minister of Agriculture credit for assisting to market 76,000 pounds of western turkeys in the old country. He also said that turkeys were bringing only four and five cents a pound to the farmer in the west.

Mr. DONNELLY: That is what we got.

Mr. SPROULE: I sympathize with the farmers of the west, many of whom came from Ontario, but there are a good many others out there like the hon. member for Willow Bunch, who has a lot of gas on his stomach and no doubt feels better after he gets it off and sits down. That is about all that his talk amounts to. The members from Ontario sit still and do what they can to help their fellow Canadians in the west. We voted for the five cents a bushel bonus on wheat and also for seed for the western farmers. We have every sympathy in the world for them, but when some members from the west stand up in this house and keep on hollering about hard times, they are just making it all the worse for themselves because some day Ontario and eastern Canada are going to stand up and tell them that they are just about through giving assistance and credit to the west. I do not want any division in this country between east and west, and there should not be.

As far as prices in this country are concerned, you cannot point a finger across the line and show where prices are any better for eggs, butter, cattle or anything else. The hon. member for Willow Bunch also talked about the prices for hogs. If he had watched the Chicago market or any other American market, he would have seen that prices over there are no higher than here. We could not ship our hogs to the United States anyway because of their tariff. To hear the hon. member talk you would think this government was to blame for the United States tariff.

Mr. DONNELLY: They are.

Mr. SPROULE: They are not to blame for anything of the kind. I do not want to take up very much more time, Mr. Chairman, but I think it is time that a lot of these members from the west with so much wind on their stomachs should sit down, and then they will get along easier, otherwise the day will come when somebody will tell them where they get off. I do not want the day to come when there will be any division in this country. I have as much sympathy for agriculture as any man, and I defy any hon. member to stand up and say that this government is not doing its best for agriculture. If certain hon. members from the west have anything constructive to offer, why do not they outline their remedies? Instead, they talk as though we were responsible for the United States tariff. We had nothing to do with it at all, and they know that well enough. They are only talking politics; there is nothing to it. They are simply trying to make out that this government is to blame for conditions in this country to-day. I say, Mr. Chairman, that this government is doing its best to bring this

country out of the depression, and prices in Canada for all agricultural commodities are higher here than in the United States. Why not give the government a little credit instead of standing up and grumbling and complaining all the time? I do not want to take up any more time, Mr. Chairman, because we want to get along with the business of the house.

Mr. BLAIR: I enjoyed listening to the speech of the hon. member for East Lambton. I think we fully realize that the government is trying to bring this country out of its present dilapidated condition, but I think they are going about it in the wrong way. Their efforts may be conscientious enough, but they are very much misguided.

We find ourselves to-day, Mr. Chairman, in a peculiar condition in this country. We are the unwilling victims of the strangest "famine" ever recorded in history. When evil days fell upon ancient nations there was generally a famine or a plague of some kind, grasshoppers, locusts or the like. At the present time our country is well favoured by the hand of Providence. We have an abundance of everything, an overabundance, in fact. We have too much food, and yet we find starvation in this land. We have too much clothing, and yet some of our people are naked. We have too many houses, and many of our citizens are without homes. We have too much coal, and some of our people are freezing. We have too much of everything that the heart of man can long for, and yet we have a famine—unemployment. Imagine unemployment in a young and rich country like Canada, with its great resources! Nevertheless unemployment is here and getting worse. Let me compare our unemployment figures with those of some other countries. On October 15, 1932, in France one out of 170 was unemployed; in Italy, one out of 45; in Great Britain, one out of 25. Canada—just imagine, in this young and prosperous country!—one out of every twelve of our population is unemployed, according to the Prime Minister's own announcement. The figures I have just quoted are taken from fairly reliable papers in France, Italy and Great Britain. Unemployment is still with us, although this government were going to cure it in three days when they got into power. They are now in their third year of office—

Mr. SPENCE: You tell us how to cure it.

Mr. BLAIR: I will give the hon. gentleman a little information before I get through if he happens to be here to listen.

[Mr. Sproule.]

The government, I say, took office with the avowed object of relieving the unemployment situation. The unemployed at that time were reported to number 100,000. In normal times there are 50,000 unempolyed in Canada; so at that time we had only some 50,000 more unemployed than normally. After the third session of this parliament the Prime Minister announces that he is feeding 1,370,000 people in this country. The policy advocated and chiefly depended upon by this government to relieve unemployment was high tariffs. I must say that the gentleman from Toronto who asked how they were going to do it—

Mr. SPENCE: They are not growling from Toronto.

Mr. BLAIR: The lodges in Toronto gave these poor fellows buttons and ribbons and the password, they were paraded here and there—

Mr. SPENCE: It did not cost you anything.

Mr. BLAIR: These poor fellows have been eating the apples of Sodom ever since; they are travelling up and down our concessions by hundreds. Toronto should be ashamed of herself, leading these poor innocent people to vote for high tariffs, and big fat organizers getting them in their lodges and sticking little ribbons on them. I have hauled them into Toronto time and again with their pants tied up with binder twine and a little button on their lapel. I tell them: "You are the boy; you are a faithful citizen." Then the railwaymen—that is another pitiable thing. Toronto Tories came through our district campaigning among the Canadian Pacific employees for high tariffs, and the men were simple enough to listen to them. They did not realize that high tariffs were not going to improve the traffic on their railway, and the Canadian National men were not much better. How can you improve traffic on the railway by raising the tariff rates three times as high, putting on a six per cent sales tax when the goods come off the cars, and an excise tax of three per cent, and then telling these fellows it will improve traffic on the railway and give employment to more railwaymen? It was one of the biggest farces ever heard of. I can never understand how they got the railwaymen to believe that nonsense. But they have been badly disappointed; I have seen men who were conductors down in the soup kitchens in Toronto getting a bite to eat. The same with commercial travellers: a band of Tory drummers out of Toronto were sent wholesale throughout the province to tell the

people of Ontario that the factories would be prospering and that everything would blossom as the rose, that Canada would go ahead if they would raise the tariff. But now these drummers are out of employment and have been looking for a job for the last two years. You see them at the soup kitchens in Toronto, and the same in Hamilton. And so we could go from one class to another.

The poor farmer, I pity him. I never knew why they were so much opposed to the New Zealand butter treaty, but there was a little logic and brains behind that opposition. It was a great mistake, as any farmer who looked into it could not fail to realize, when we were getting $3 from New Zealand for every dollar she got from us. The farmers are among the greatest sufferers. Ostensibly they are living in their homes, but it is a sad condition when a man has reached the age of fifty-five, has his family around him and depending on him, and knows that he is not worth a dollar, that if his creditors demanded payment he could not possibly pay them and would have to walk off his farm. That is the condition of many farmers in our good old county of Wellington, where we pride ourselves on good farms and good farmers; yet in some cases their taxes have been unpaid for two years. Yet these are men who three years ago were fairly well off. The previous speaker spoke of poverty in the west. No doubt the western farmer is poverty stricken, but in Ontario the farmers are suffering very seriously from the advice they received from Tory Toronto.

Another question is the unfortunate state of affairs existing in our prisons. We Canadians are an honest law-abiding people, and if our gaols are overflowing it is an insult to our intelligence. Seventy-five per cent of those we have in gaol are not criminals; they are the victims of unemployment caused by a wrong national policy.

Mr. DUFF: Bennett's tourists.

Mr. BLAIR: Yes. We are all pretty much the same by nature; if we are driven to distraction any of us would steal. If our families were in extreme poverty it is no use for us to say we would not steal; any of us would break a window and take something to keep his family from starving. Some of us may be too pious for that, but I do not think I could be depended upon if my children were in need; I would be in gaol with these other birds. We need a different distribution of wealth in this country. We do not want all the wealth in the hands of a few rich people who control our financial institutions. We want many people owning their own farms and their own homes. We do not want great banking systems that control our economic power and set up white elephants to advertise themselves like the Bank of Commerce in Toronto—a fool enterprise—instead of lending the money to the farmers in the rural districts. They take the money from the rural parts and spend it foolishly in the cities. We want a banking system from which the small town merchant and the home builder can secure a limited amount of money and credit. We need, as never before in Canada,—and this I think is very important—we need a Magna Charta defining the rights and privileges of the poor classes. The farm and labouring classes are certainly being imposed upon by the policies of this government. Of course the rich wish to keep their fortunes; it is only natural that they wish the payment of bonds to be guaranteed and factories to be kept working—we all want that. They want to keep the banks open and solvent, and we all want that too. But the wishes of the poor take a different direction: they wish work or increased wages—and some of them surely need it. The farmers wish to get a better price for their wheat and wool; the labourer wants work so that he may have enough to eat and to wear and so that he may provide something for his old age.

Now I would like to deal more particularly with the causes of this unemployment. One important factor is the depreciation in the values of the products of the farm, as a result of which farmers are unable to buy. A farmer who bought his farm three years ago for $6,000, giving a mortgage for $3,000, to-day has not a dollar of equity in his farm. The depreciation of farms is at least fifty per cent; the mortgagee literally owns the farm. When he bought that farm, $3,000 perhaps meant 3,000 bushels of wheat, but to-day it means about 7,000 or 8,000 bushels, and the result is a double liability. What has brought about that situation? It has resulted from stangulated trade and commerce due to high tariffs. the sales tax, the great expenditures of this government, increased taxation of all kinds and the increase in the national debt. It seems that decreases in trade and increases in taxation go together. I suppose we all realize that the difference in tariff revenues between the last year the Liberal government was in power and the first year the present government took office was about $80,000,000, which had to be made up by taxation. There are about 2,000,000 homes in Canada, which means that $40 would have to be collected from each home to realize that amount. That amount would drive most of our farmers off the land

if they had to pay it in extra taxation. Economic conditions are not known by the public; one after another our Conservative friends stand up and boldly declaim on behalf of their beloved policy of high tariffs, telling the people that good times are just around the corner and that we are on the up grade. We believe they should tell the truth; optimism is not a species of cheerful imbecility based on bedtime stories. We must not forget the statement by Lady Nairne that "truth will stand when all else faileth," and I think the public should be told definitely what is the situation and asked to cooperate in facing it. To-day the people have lost faith, and nothing destroys faith more than falsehood. People are afraid; fear paralyzes their efforts. We must take the people into our confidence and tell them the truth and ask for intelligent cooperation. If we did so we might experience some improvement.

The other day we read in the press that Sir Arthur Currie was pleading for an inflation of the Conservative party by adding to it Liberal brains. Knowing the Curries as I do I felt that he saw a sair, need, and I would say he was one hundred per cent Conservative. You cannot ask for more members on the other side; they have so many now they do not know what to do with them. They have enough material for two cabinets, yet Sir Arthur Currie rightly thinks there should be some Liberal brains infused into the Conservative party, and he is not the only one who so thinks. The country has begun to realize that something like this is absolutely necessary.

Mr. SPENCE: Would you like to come in?

Mr. BLAIR: Not under your present policies; I could not do it, much as I would like to associate with some hon. gentlemen opposite, some of whom I admire very much but whose policies I detest. I believe the Prime Minister, in his own mind, was a sort of Sir Galahad, and I believe now that he was conscientious. I did not think so at the time; I thought he was wrong and knew he was wrong, but since then I have changed my mind. I believe he thought he was right, but now he is coming to the point where he knows he is absolutely wrong, and I think his followers are beginning to realize that his policy is carrying this country downhill as fast as we can go. This would not be the case if we were not following the policies of the United States, and they are bigger fools than we are. They have committed all the sins we have committed, but they were a little ahead of us. We were imitators; we have been mimicking the United States. At one time the capitalists of the United States wanted control of the financial system; they wanted to make and valuate their own money, but Washington said, "No, we are not going to give away our rights". Later on Jefferson said the same thing but when the war came Lincoln sold the rights of the people and allowed United States capitalists to make and valuate their money. Once I attended a celebration on Lincoln's birthday, and much ado was made about Lincoln worshipping the goddess of liberty. I could not help saying that Lincoln liberated the slaves constitutionally but enslaved the inhabitants of the country economically when he tied them up to the financial institutions of the United States and of Great Britain, because at that time Great Britain had an influence over United States banking institutions similar to the influence the United States has over us at the present time.

Now I come to what I think is the great cause of this depression; I refer to deflation and its collateral forces. You can deflate money without destroying it, without taking it out and burning it as the banks do every year when the western crop is moving. Deflation simply means removing money from circulation. I think the definition of the power of money is similar to that law of physics which says that the force of a moving body is the weight of the body multiplied by its velocity. I believe the power of money is the volume of money multiplied by its velocity, and I think the power of money depends more on its velocity than on its volume. Hon. gentlemen to the left keep suggesting that we should increase the volume and inflate money. I am not sure that this has not been done; I think that action has been taken by the government to the extent of at least $35,000,000, if not more.

The great thing about money, however, is to keep it in circulation. One dollar would pay a thousand dollars of debt if you could keep it going fast enough and in a certain direction. The usual number of moves of a dollar in circulation is ten or fifteen in a year, so one dollar will pay ten dollars' worth of debts and one hundred dollars will pay a thousand dollars' worth of debts. At the present time, however, we feel that instead of increasing the velocity of money the government has strangled trade and commerce so that money cannot circulate. I believe everything that checks the velocity of money or that comes between the producer and the consumer is a deflator, that it will lower the

prices of farms, that it will lower wages and throw men out of employment. I believe that the closer together you can bring the producer and consumer the more you will actually inflate. I think a hill on a railway right of way is a deflator. A storm at sea is a deflator. A cataract on a navigable river is a deflator. These all hinder the commodities of the producer reaching the consumer. Every tariff barrier is a deflator; it reduces the wages of the labourer and throws men out of employment. Time is a deflator; if you can trade your products with some person close at hand it takes less time to make a turnover.

The CHAIRMAN (Mr. Bury): I think the hon. member is wandering away from the resolution. He has been discussing a subject that has only the remotest connection, if any at all, with the resolution.

Mr. BLAIR: I will try to tie up my remarks with the resolution and put myself in order.

An hon. MEMBER: Go ahead.

Mr. BLAIR: No, I think the chairman is quite right. What I mean is this. If we deflate money, that has a tendency to reduce wages and throw men out of employment. Now, I hold that if we can trade with a country close to us—and I believe that my hon. friends opposite are talking about reciprocity with the United States—then it is better for us to try to trade with people right at our elbow rather than with people three thousand miles away.

The CHAIRMAN (Mr. Bury): Does the hon. member think he is on the resolution now?

Mr. BLAIR: Yes; I submit that what I am saying now is quite relevant to the motion before the house.

The CHAIRMAN (Mr. Bury): I am afraid the hon. member is not speaking to the resolution.

Mr. BLAIR: The chairman will see the relevancy of my remarks in a moment. The high rate of interest is a deflator and it lowers the wages of men and throws others out of employment. The Ontario government raised the rate of interest to six per cent, with the result that farmers could not get mortgages on their farms, nor could townsmen get mortgages on their houses. Did that interfere with employment? I think it certainly did. The banks refused to lend money to the farmers and, inasmuch as farmers could not afford to hire help, that added to the unemployment of farm labour.

The CHAIRMAN (Mr. Bury): I must really rule the hon. member out of order.

Mr. SPENCE: Do you talk like that at home?

The CHAIRMAN (Mr. Bury): The resolution to which the hon. member is supposed to be speaking is:

That it is expedient to introduce a measure to continue in force the provisions of the Relief Act, 1932, until the 31st of March, 1934.

Mr. VALLANCE: But there is an amendment before the house, Mr. Chairman.

The CHAIRMAN (Mr. Bury): The amendment is only an addition to the resolution.

Mr. DUFF: Will you please read the amendment, Mr. Chairman?

The CHAIRMAN (Mr. Bury): The amendment is:

That this resolution be amended by adding thereto the following words:

"provided, however, that the amount to be paid for direct relief for the fiscal year ending the 31st of March, 1934, shall not exceed the sum of $20,000,000.

That does not bring the hon. member's remarks into order.

Mr. BELL (Hamilton): It is just as funny on the amendment as on the main motion.

Mr. BLAIR: Hon. members may regard the matter as funny but it is not. If I may be allowed to continue with this train of thought, may I point out that frozen credits bring about a greater degree of unemployment. Surely that has a marked relationship to the resolution, Mr. Chairman.

The CHAIRMAN (Mr. Bury): I would direct the hon. member's attention to the fact that we are not discussing the causes of the situation; we are asking whether, unemployment still existing, we should continue the Relief Act.

Mr. RALSTON: May I speak to the point of order. We must remember that the Unemployment Relief Act contains many provisions other than the payment of money. Section 4 of the act which it is proposed by this resolution to continue is that the governor in council shall have full power—

—to make all such orders and regulations as may be deemed necessary or desirable for relieving distress, providing employment and, within the competence of parliament, maintaining peace, order and good government throughout Canada.

I submit that we are in order in discussing any measure which the governor in council might possibly take having in view the relief of distress, the provision of employment, or

the maintenance of peace, order and good government. Section 2 is very much in the same words but deals particularly with the payment of moneys out of the consolidated revenue fund for any of the purposes indicated. I submit therefore that this debate is a good deal wider than most debates on ordinary resolutions. This resolution precedes a bill which is intended to extend an act permitting action in any form, and any hon. member can suggest anything that relates to any of the objects contemplated.

Mr. GORDON: My hon. friend has been reading from the 1931 legislation, but that is not the legislation we contemplate extending for a year. The legislation with which this legislation has to do is that of 1932.

Mr. MACKENZIE KING: The only difference is that the clause with regard to peace, order and good government is dropped.

Mr. GORDON: At one time that was quite an important subject.

Mr. MACKENZIE KING: Yes, it was.

The CHAIRMAN (Mr. Bury): The hon. member who has the floor frankly admitted that he was wandering from the subject and I ask him in fairness to the committee to keep as close to the subject as he can.

Mr. BELL (Hamilton): And that will be far enough away.

Mr. BLAIR: I was referring to deflation. Mr. Austen Chamberlain, I would point out, set his heart upon deflating and asked the bankers to assist him in 1920. What were the consequences? The people bought less; interest increased; scarcity of money followed with depressed industry; debts increased as money became dearer; and there was an increase in taxes. The banks at any time can restrict credits till wages fall. Lord Rothermere pointed out that the gold standard benefited the bankers by restoring the prestige of currency, but it put an unbearable handicap on industry and farming.

Mr. VALLANCE: I am sorry that the Prime Minister is not in his place this evening. He took it upon himself this afternoon to read many of us a curtain lecture. He accused some members of the opposition of using the present position of the country for political purposes. While listening to him I was reminded of an old high school teacher I had as a boy in Scotland. We used to have a debate every Friday afternoon and this fellow was always chosen as critic, and on more than one occasion he pointed out that anyone participating in debate who had no argument to advance usually resorted to abuse. That statement came to my mind this afternoon while I listened to the Prime Minister. He accused some of us of using the present condition of the country for political purposes. I would remind him of some of his campaign speeches in 1930, and would leave it to the house and to the people of Canada to decide whether at that time he tried or did not try not only to make capital out of the condition the country was in then, but to magnify it many times. I should like to repeat some of them because I think they would stand reiterating. We had better go out to the Pacific coast first of all and see what he said to the people out there. Incidentally he did not win all the seats out there; we have four members right here in spite of the promises he made. Speaking at Victoria on June 17, he said:

> You have my promise that if the Conservative party is returned to power that as soon after July 28 as possible parliament will be called together to deal with the problem of unemployment by providing, not doles, but work, and that legislative action will be taken to bring about the future security of our country and the well-being of its people.
>
> We cannot tolerate the dole. Men and women of this country want work, not charity.
>
> Is there any excuse for Canada to have hard times if the government is discharging its duties as it should?

Have we had hard times since 1930? I leave it to the people of Canada to decide that after hearing the statement made by the minister of mines and immigration and colonization and labour to the effect that we have spent $115,000,000 in the relief of unemployment. I think that statement of the minister's proves that conditions to-day are much worse than they were in 1930.

What did the Prime Minister say in Regina, the capital city of the province of Saskatchewan? Speaking on June 10, he said:

> When you gamble with a nation's prosperity for power the result is inevitable. The government of to-day has not seen the to-morrow,—

We certainly did not see this day; we never thought that Canada would see a day like to-day. He continued:

> —they have only thought of to-day and thinking only of it the result has been that now we have unemployment, people walking our streets, men and women hungry,—we have all these things in this great rich country.

Are the people less hungry to-day than they were in 1930? I ask the committee to consider this question in the light of the statement made by the minister. Speaking at Vancouver on June 18 and referring to the then Prime Minister of Canada, the present leader of the opposition, he said—

Mr. BELL (Hamilton): That is all past.

Mr. VALLANCE: It is all past and you do not like to hear of it. He said:

However blind he may be to your future and deaf to your present needs, surely he cannot stop his ears with smug complacence and self-esteem to the cry that carries across the nation —the cry of the destitute and hungry, the cry of mothers and fathers and little children who call to us as Christians and as Canadians to heal their pain. I would have welcomed his cooperation in this time of national distress.

He is just about to ask for it again. He continues:

It transcends the realm of politics, it appeals to the heart of man, not to the imagination of the politician.

He was not talking to a bible class at that time. This afternoon when questioned about a certain statement which he had made he drew attention to the environment in which his statement had been made, before a bible class. I think that a man occupying the position of Prime Minister of Canada, no matter where he makes his statement, whether it be before a bible class, whether it be on the floor of the house, whether it be in Vancouver, Regina, Winnipeg or Hamilton—

Mr. BELL (Hamilton): Or Battleford.

Mr. VALLANCE: Or in Battleford, if you like. I will make a statement in the most kindly way—if he does not mend his ways, he may be in Battleford. Then at Renfrew on July 16 he said:

There is no excuse for unemployment in our country. There is no excuse for poverty. We have the people and the resources. We have the capital, but capital will not allow itself to be used unless there is stability and certainty. It must not be wiped out by factories being closed down by unfair competition from abroad.

He made that statement and used the words "unfair competition." The Prime Minister's policies have been in existence since 1930 and to-day we have only twenty-five per cent of both our external and internal trade as compared with that time. I could go on and give many more quotations from the speeches made by the Prime Minister relative to the position of the unemployed but—

An hon. MEMBER: Make your own.

Mr. BELL (Hamilton): Go on, your's are better than his.

Mr. VALLANCE: "Was you there, Charlie?"

Unemployment was not the only problem with which the Prime Minister was going to deal; he was going to solve all the problems of Canada overnight; he was going to give relief to everything, but he has ended up by relieving the people of all they ever had. He made the statement this afternoon that forty-nine per cent of the farms of Saskatchewan were without mortgages. I challenged that statement this afternoon and I do so again to-night. It may be that forty-nine per cent of the land in the province is not at present under mortgage, but that land is not held by the farmers who are actively clutivating it. With the exception of a very small percentage of farms, the only farms without mortgages are those which have been wrested from the farmers by the mortgage companies. If this government is in power much longer it will be ninety-nine per cent, not forty-nine. I make this prediction: If the Prime Minister will take the statistics one year from now, that is if he goes to the country in one year, or, say, two years from now, he will find that the figure will be nearer to ninety-nine per cent than to forty-nine.

Mr. DUFF: The whole country is mortgaged under this government.

Mr. VALLANCE: What did he propose to do for the farmers and what has he done for the farmers? I would be just as bold in making my statements if the right hon. gentleman was present, or perhaps a little bolder.

An hon. MEMBER: You could not be.

Mr. VALLANCE: He stated that when he backed the provincial bank of Manitoba to the extent of $12,000,000, he did so in order to save the deposits of the farmers. I doubt if over three per cent of the farmers of western Canada have deposits in the banks. They owe much more to the banks than they have in the way of deposits. He talked of sound money and about conditions as they are to-day, but let me give an illustration—and I hope the chairman will not rule me out of order because I believe it has some bearing upon the subject under discussion. We think each individual in Canada is entitled to fair and just consideration. We also believe we should make equal sacrifice in the condition which we find in this country. Before I left home I was speaking to some of the farmers in my constituency. Let me take the house back to 1917 and 1918 and show it a statement given to a bank in order that credit might be extended to a farmer. Let me show the house another statement given in January, 1933, which indicated the visible assets of that farmer to be 100 per cent more than they were in 1917, yet in spite of that fact he has not to-day a statement one-third as good as he had in 1917. If that same farmer had in 1917 taken that amount of money and invested it in government bonds, he would still have the

same amount of money and the interest on it would have a greater purchasing power to-day than it had in 1917. Hon. members ask: Why have you so much distress among the farmers? That is one of the reasons. The primary producer is bearing the burden. The $115,000,000 spent by this government in unemployment relief has to be paid, not by the factories, but from the great natural resources of Canada, and agriculture makes the largest contribution to it. The government has attempted to give some measure of relief to agriculture, and I hope that before the bill to be founded on this resolution is passed, the minister will be in a position to tell us just where the government stands in relation to the farmers, and especially the wheat growers of western Canada.

What did the Prime Minister promise the farmer? We know what he has done. I want to read a few of the promises he made.

Mr. DUFF: When was this?

Mr. VALLANCE: This was during the 1930 election campaign. I think the following is the choicest one of the lot. Speaking in Winnipeg, he said:

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

I quote merely that one. Will any member sitting behind the government or any member of the government rise in his place now and tell me of one instance where this administration has ever opened a new market, let alone blasted its way into one? Our exports show that it has not done so. It has even closed markets. The last night we were discussing this question, not under this minister, but under the Minister of Trade and Commerce, I drew to the attention of the government the fact, which they were very reluctant to admit, that we had been offered the sale to China of 50,000,000 bushels of wheat, which sale this government did not blast its way into but blasted its way out of, and this at a time when Canada needs every possible market in order to get rid of the wheat surplus we are holding. As I have said, I hope before this measure goes through that the minister of immigration, mines, labour and deportation will tell us just the position the government finds itself in to-day with regard to the wheat situation.

[Mr. Vallance.]

Mr. MOTHERWELL: Friday afternoon is usually looked upon as the parliamentary quiet week-end; it is the day that is usually chosen to put through knotty bills, agricultural estimates, difficult resolutions and that sort of thing, but this afternoon has proved to be an exception to the rule in this respect. We had a violent volcanic eruption on the part of the Prime Minister and then a sudden departure; and we have not seen him since. I was going to make the suggestion to the minister who is leading the house—it may be the Minister of Railways at this moment—that as it can be seen by the temper of this committee we are not going to get anything through to-night, they might as well take up something that we might agree on and thus save time. If, however, that is not considered advisable, I shall proceed.

What was the cause of the gaseous eruption we had this afternoon on the part of the Prime Minister? The Minister of Immigration and some other portfolies, in explaining this resolution, said that an amendment was to be made to the bill based on the resolution when the bill came before the house, and it was a very important amendment inasmuch as it meant reverting to the good old practice of responsible government and supervision of all expenditures by parliament. This is something that has been fought for by the Liberal party for nearly a hundred years and won, and for the first time departed from by this government. Does anybody think our right hon. leader, who has been noted ever since this government came into power for fighting first for the retention of that right and afterwards for the restoration of it, could, when he sees it restored, ignore the change? He could not lightly pass that up. Nobody would expect anyone in the position that my right hon. leader occupies would have let that pass without some comment. What was the comment? I have not read Hansard since, though I might have done so, but I recall quite well that no offensive language was used in making the criticism, nor was the tone offensive. In fact, the observation was particularly mild when one considers that after three years my right hon. leader has attained his objective with respect to this important matter. Yet the Prime Minister did not seem to take it in that way. I did not dream of such an eruption and explosion as a result of the fair comment of my leader. Well, it came, I suppose all of us have bad days and this may have been one of the Prime Minister's. He apparently got up on the wrong side of the bed. Those of us who have been in cabinets and know how tired we sometimes are

towards the end of the week realize the situation. But I would ask his colleagues that when he gets into that frame of mind that he cannot control himself, they keep him out of the house altogether for a little while till recovery ensues. Let him not run amok for half an hour, pawing up the ground and throwing things around, and then take to the curtains—a curtain decorator. That is not fair either to the rest of us or to himself. We take no pleasure in discussing this matter in his absence. We would rather defer this resolution, and if the minister will say that he will do so, I shall stop talking about it right now. He can bring on supply. We can deal with the grain act, as the Board of Grain Commissioners are here, I understand; and there are a number of other items that we might discuss to better advantage than this resolution.

Mr. MANION: Go on. We always like to hear the hon. member.

Mr. MOTHERWELL: If the government do not choose to do that, we can continue to discuss the resolution even in the Prime Minister's absence.

As I indicated at the outset, there was no occasion for the violent language indulged in by the Prime Minister, and if the ministry want to get the session over in reasonable time, that is not the way to proceed. There is an impression abroad that as soon as our money plays out, the opposition is going to play out. That is not the case. The money may play out on the third of April, but we shall play on, especially if we get a few more scenes like this afternoon. Let hon. members make no mistake about that. An important railway bill is coming before the house on Monday and I would rather have been in a quiet frame of mind for it; but I feel we on this side have had just cause for indignation, and in the absence of the Prime Minister we are precluded from going into the matter in the way we should.

I want to commend the minister now, and I hope I can do it without any further irruptions from the treasury benches, for having reverted to the policy of having at least part of the expenditures under this bill discussed in this house. We are not possibly taking the best advantage of the opportunity at the beginning, but that is not our fault. I certainly was one of those who thought that this $20,000,000 was the entire amount that was going to be spent under this bill, but instead I find that that is only the amount for direct relief. Will the minister tell us how he arrives at that $20,000,000?

In extenuation of or excuse for the arbitrary blank cheque method of administering public moneys which this government has been practising for the last two years, the Prime Minister this afternoon made a lot of the fact that no individual could estimate the requirements of the country and specify any definite amount that would be required for relief. But you can say that of any vote in the estimates. As my right hon. leader has pointed out times without number, the Prime Minister might mention any amount he liked and my leader would let it go, and if the amount designated were not enough, the usual practice of resorting to governor general's warrants would meet any further situation that might arise. So there was no justification for departing from the regular practice of the supervision of all government expenditures by this parliament, instead of playing the dictator, mighty unsuccessfully too in this respect, until now the proper practice is about to be resorted to.

What is the trouble then, with the Prime Minister? I know it is hard to climb down. Don't we remember in this house the night the special income tax bill was climbed down from and the booby talk that was indulged in by the Prime Minister? The coon came down, however. We do not know or care whether it was head first or tail first, but he came down, and he has had to come down many times since, and will have to many times more, and the sooner the Prime Minister learns how to back away from his many blunders the better it will be for this country. He had not the grace to climb down properly and gracefully this afternoon, but instead he blew off like an extinct volcano come to life again. He has been an extinct volcano for the last month. I thought his colleagues were bringing him up, like Maggie was bringing up Jiggs, making him behave better. But even if Maggie were successful for a while Jiggs still blows off now and again as he did this afternoon. We do not want any more of that, Mr. Chairman. We do not mind it once. We do not mind having some consideration for the Prime Minister and his colleagues in their troubles in trying to bring him up, while he is trying to bring them up. Has there been one thing that they have put their hand to that they have not made a botch of in the last two years? I do not know one. They could not come down on this policy of parliamentary control of money without making a mess of it also. If the Minister of Labour had been left to himself I think he would have acted all right. He is a ponderous gentleman but

I think he is a pretty good scout taken on the whole. I do not know how he came to speak of the amendment on the resolution, but since he spoke about it I presume I am also in order, Mr. Chairman, although I think he should have waited till the bill came down.

Anyway, the government has made many blunders, and the Prime Minister has not yet learned how to back down in spite of all his experience in that respect. He will have to learn soon because the way is thorny and strewn with many back-ups, and I am sure that the government will have to get a fresh pair of breeching straps on because the other ones are all worn out by this time with backing up and backing up from the sight of themselves and their evil works. Our good friend the Minister of Labour, with his more phlegmatic character, and not so much like a spirited racehorse, does not mind it so much. But they have got to do it just the same.

There are one or two other matters to which I wish to refer. The Prime Minister was continually complaining that there was no way of estimating the nature of the crop or the nature of the climate next year. Then how was this $20,000,000 estimated? There is direct relief still being given in southern Saskatchewan over a considerable area where there is no more prospect of a crop this year than there has been for the last two years, so far as the condition of the soil is concerned. The summer and fall there were exceptionally dry, the winter has been dry; there has been no snow or very little. The cars are running from Weyburn to Moose Jaw yet. The result is that the prospects in that area were never worse, and my hon. friends opposite have made an estimate under the worst possible conditions of what is likely to be required in other parts of Canada during the coming summer. If they can do that now, why not at other times? Has there been some new knowledge of meteorological conditions whereby you can forecast the rainfall for next summer? I never heard of any such new information, but if the minister has any, I wish he would tell us upon what he bases this estimate for the coming summer. If he cannot tell us, then all this fumadiddle nonsense the Prime Minister was indulging in, because that is what it was, goes by the board.

One of the statements which the Prime Minister made when he was trying to get himself out of a dilemma, although he succeeded only in getting deeper into the mire, was that the present government in Saskatchewan had inherited a legacy of a great debt from the previous government. That has not very much to do with this debate, but since the Prime Minister indulged in gross misrepresentation regarding the debt of Saskatchewan, I may say that in the last three years, since the Tory government came into power there, the debt of Saskatchewan has doubled. It was $60,000,000, in round figures, when they came in, and now it is twice that amount and more. So I would suggest to the Prime Minister that when he is speaking of Saskatchewan matters he regard the facts a little more closely. Let him go to his chief organizer, C. B. Daniel, in southern Saskatchewan, and he would get better information even from that partisan source.

I am going to deal for a little with the Saskatchewan relief commission. The hon. member for Willow Bunch has indicated to whom the relief notes were payable—to the Dominion government. The relief commission acted merely as an intermediary agent for collecting the notes. He also indicated that in the south everybody had to sign in advance a promissory note for the least little thing that would go around one's little finger before one could get anything. Contrast the violent difference between those who got relief in the south, all returnable to the government, and those who got the five-cent bonus in the north. In the northern part of the three prairie provinces, they got over $11,000,000 as a gift, and none of it was returnable. Why, you could not find fifteen children just out of high school who would make a worse muddle of administering that relief relatively between the northern and southern parts of Saskatchewan, Alberta and Manitoba. Go to any bunch of school children and their infantile minds could devise something better than hon. gentlemen opposite did on that occasion, and that has been about the size and measurement of this government on most questions.

Mr. GORDON: The hon. member for Last Mountain does not agree with you.

Mr. MOTHERWELL: They all agree with me.

Mr. GORDON: The hon. member for Last Mountain does not.

Mr. MOTHERWELL: Of course, he agrees with me. Every sensible man agrees with me except this ministry. There is not a man from the west, no matter on which side of the house he sits, who does not consider it the standing disgrace of this government the way that relief was handled in the west, because the bigger the crop a man had the more relief he got in the way of a bonus, and the less crop a man had the less the government

gave him. If he had no crop at all, he got nothing except what he had to sign up for and pay for, giving promissory notes in advance or a seed grain lien on the resulting crop. Rather than go out of their way to talk about this most unjust relief distribution the government should go and bury themselves politically for the rest of their natural lives, get out of sight of their fellow men, for the disgraceful manner in which they handled that important problem.

Now I think I will give my hon. friend the minister an opportunity to speak if he will. We might get along if he would show us how he arrives at that $20,000,000 as the amount for direct relief when he has no more opportunity to-day of forecasting the requirements than he had formerly, so far as crop prospects are concerned. He has the experience of the former two years, that is admitted, but he knows nothing about rainfall next summer, and that has everything to do with the question of relief or no relief after the crop is harvested. I shall be very pleased to hear what he can say to clear that up, then we may make some progress. I think my hon. friends on the treasury benches will agree that for the last month or so those on this side of the house have been making every endeavour to facilitate the work of the session—

Mr. SPENCE: To block everything, you mean.

Mr. MOTHERWELL: I have only to point to two weeks ago to-night when, for the first time in my experience at any rate, two thirds of the estimates of the Department of Agriculture were passed in a little more than two hours. We gave them fair discussion; we did not neglect our duty, but we did our best to facilitate the work of the session. We have been doing that all along. I have been here for ten days at a time without opening my mouth. We cannot, therefore, be charged with holding up the work. But when we have such an exhibition of anger and venom as we had this afternoon, nothing like this can go through until we have some reasons given why they have changed their policy, or until the Prime Minister comes here and faces it out. That is the position I take. We should not be expected to go ahead with this vote in his absence. If he knows he is going to be absent—I can understand his being unavoidably absent; that is the misfortune of every leader; but if he knows he is going to be absent he should not give us such a fishwife tongue-thrashing immediately before he retires. I thought I had some of the grace of patience and endurance left, but I cannot stand that in silence and I am not going to, and that is all there is to it.

That is all I am going to say just now. I hope the minister can explain his change in policy or acknowledge the corn at once. If he does, I think we shall get along with the resolution, otherwise we cannot and will not.

Mr. BOTHWELL: I am going to take the time of the committee for only a few minutes. I would not have risen at all had it not been for the statement of the Minister of Labour to-night that he does not supervise expenditures made by the provinces, but endeavours to give the provinces a free hand in matters of relief. That is the way I understood the minister to express himself. This afternoon the Prime Minister said the situation in the province of Saskatchewan, and the reasons that so much money had to be advanced to that province, was due to the debts incurred by the previous Liberal government. The last speaker has referred to that, and I wish to put on Hansard the figures in connection with the situation in Saskatchewan. It is about time the Minister of Labour did see how relief moneys are being expended there.

At the time the Liberal government went out of power in Saskatchewan after being in office for twenty-four years, they left a debt of some $62,000,000. Out of that public debt they had about $10,000,000 invested in farm loans; they had about $10,000,000 in their provincial telephone system, leaving a balance of some $42,000,000 for which they had built the parliament buildings, ten or fifteen court houses, three normal schools, two tubercular sanatoria, two mental asylums, and roads and bridges. That $62,693,011.44 of debt has been increased from April 30, 1929, to December 31, 1932, to $137,819,430.97. If the province of Saskatchewan has piled up a debt such as that in some forty months, and this government, as anounced by the Prime Minister to-day, has paid most of the relief in Saskatchewan—we do know that they paid all the direct relief in the dried out area—then we would like to know as representatives of the province of Saskatchewan where the rest of the money has gone, and what it has been used for. If Conservative governments are so wonderful, as intimated by the Prime Minister, how is it that every year since they came into office in that province they have had deficits, varying from $518,177 to $5,820,289? I feel that it is time this government took steps to see how relief is being distributed in Saskatchewan, and to look

after the money that they are responsible for.

I want to correct one other statement made to-night by the hon. member for East Lambton (Mr. Sproule), who said that prices of all farm products are higher in Canada than in the United States. I have quotations of March 1, from Chicago and Toronto. On that date, prices in Chicago, as quoted in the Chicago Tribune, on prime steers weighing from 1,000 to 1,500 pounds, were 6 cents to 7¼ cents. Making allowance for exchange the Canadian price there would be from 7 to 8½ cents. In Toronto on the same date, according to quotations in the Mail and Empire, prime steers of 1,050 pounds were worth from 3·5 to 3·6 cents.

Mr. SPROULE: If the hon. gentleman would be fair he would not take the lowest price on one market and compare with the highest price on the other.

Mr. BOTHWELL: I took the papers and gave the quotations for the latest available date. I just wished in rising to mention those two matters, in order to correct the statement made by the hon. member for East Lambton, and to draw the attention of the Minister of Labour to the fact that it is time someone was looking after relief expenditures in Saskatchewan.

Mr. HOWARD: I would like to ask the hon. minister a few questions before making the few remarks I have to make.

I understand that the advances made to the Canadian Pacific Railway under the first order in council amounted to $1,447,222.71. Can the minister tell me what the second advance is up to date?

Mr. GORDON: The second loan to the Canadian Pacific Railway Company was $1,000,000. I do not believe that money has yet been paid. As the order in council says —it is tabled—the money was to be devoted to payment of wages for shopmen in the various shops of the company, and to that alone, I believe. The exact amount that has been earned up to date I have not in detail, and I believe that no money has yet been paid upon the last million.

Mr. HOWARD: Then this means that on the first loan the Canadian Pacific Railway is not to pay any interest, and that the money is not to be repaid until the company earns dividends in excess of 5 per cent on its common stock. Conditions were changed in the second order in council, however. This afternoon the Prime Minister and the Minister of Labour said that these loans were made to assist the men employed in the different shops from coast to coast. Some time ago I directed a question to the Prime Minister on the orders of the day, to which I received a very evasive answer. Now I wish to press the question, though possibly I would not have done so if I had been given a proper answer previously. In the city of Sherbrooke there is a shop belonging to that branch of the Canadian Pacific Railway known as the Quebec Central. During the last three years the number of employees in this shop has been gradually decreasing; finally they closed the shop, boarded up the windows and dropped their last 125 men on the streets in addition to the other unemployed in Sherbrooke. A great many of those men were heads of families, and some twenty-five of them now are on direct relief. If the government of Canada, administering the property of the people and the money of the taxpayers, can hand over to a private corporation some $2,500,000 of public money, I ask for an equal distribution. At least that money should be spent pro rata as between the different shops from coast to coast; I think that is only a just and reasonable demand.

There is some further information which I should like, and I ask this question because of a question and answer which appear at page 1095 of Hansard. The leader of the opposition directed the following question to the Prime Minister:

Am I right in understanding that this guarantee is given under the Unemployment Relief Act?

The Prime Minister's answer was:

I believe the correct name is the Unemployment and Farm Relief Act.

So I am going to ask the Minister of Labour to tell this committee the extent to which the government of Canada has guaranteed to support the wheat market or the Canadian Cooperative Wheat Producers, Limited, in the marketing of the wheat crop of western Canada.

Mr. GORDON: With reference to the first part of the observations of the hon. member for Sherbrooke I may say that the management of the Canadian Pacific Railway and the employees saw the government on a number of occasions with regard to the closing down of what are known as the main shops. The first order in council passed with respect to loans provided for the sum of $1,447,222.71, and it affected 8,455 employees.

The shops concerned were Angus, Carleton Place, McAdam Junction, West Toronto, North Bay, Winnipeg, Ogden and Vancouver. All the money was paid in wages, as follows:

Angus	$813,989 64
Carleton Place	11,103 58
McAdam Junction	22,461 25
West Toronto	58,924 93
North Bay	27,326 92
Winnipeg	319,175 98
Ogden	156,041 18
Vancouver	38,199 23

That order in council was passed under the provisions of the Unemployment and Farm Relief Act, 1931. The next order in council that was passed in order to keep these men at work was dated December 22, 1932, and provided for an advance not to exceed $1,000,000, to be devoted to the payment of wages to employees in the shops. The loan is to be paid back to the government before any further dividends on the common stock of the Canadian Pacific railway are declared and paid. The work has been done but the money was not to be advanced until the spring.

With regard to the other question asked by the hon. member, it is unfortunate that the Prime Minister is not in his seat just now. He is engaged with a committee of western farmers, discussing with them some of their problems. If the debate cannot go on without the answer desired by my hon. friend from Sherbrooke I will move that the committee rise, but if the answer can be delayed until the prime minister is able to be present I see no reason why the debate should not proceed.

Mr. HOWARD: I will let the question stand, so long as the debate is to continue. But let me bring up this further point. Does the minister consider that the men in Montreal, in Calgary or in Vancouver are more important or stand in any different position from that of the men working in the shops in the city of Sherbrooke?

Mr. GORDON: I would not care to express an opinion one way or the other. The Canadian Pacific Railway and their employees made representations to the government, and I take it that the Canadian Pacific Railway and its employees probably knew better than anyone else could know where they could keep the men on and do the work that required to be done to the best advantage and for the benefit of the greatest number. I do not think the hon. member himself would suggest that the government should inject itself into the management of the Canadian Pacific Railway. I think we have had quite enough experience in the management of railways in the past.

Mr. HOWARD: Evidently the minister has not read the proposed railway bill. I understand that this direct relief is handled by the Canadian Pacific Railway and not by the provinces.

Mr. GORDON: No, this is a loan to the company.

Mr. HOWARD: But it has no connection with the provinces, so it must come directly under the control of the Minister of Labour.

Mr. GORDON: That is not correct. The loan was made under the provisions of the act which permits a transaction of this character with a corporation deemed to be a public corporation under the act. I do not think anyone would debate the point that the Canadian Pacific Railway is a public corporation within the meaning of the act.

Mr. HOWARD: Does the minister mean to say he has no jurisdiction over what they do with a straight loan?

Mr. GORDON: The orders in council provide that the money shall be devoted towards the payment of wages to the workmen in the shops of the Canadian Pacific Railway.

Mr. HOWARD: Then it is only fair that the workmen should be properly treated. I am not asking the government to pay relief money or give work to men who are not entitled to it, but, according to seniority, the men have exactly as much claim to assistance, and in fact a little more in some respects, if that is a government loan to the Canadian Pacific Railway, and I would ask the minister to see to it that the Canadian Pacific Railway Quebec Central shops in Sherbrooke are given a square deal so long as other shops from coast to coast in Canada are assisted under this vote. I am not at the moment sanctioning the loan, nor am I criticizing it; I will give my opinion in that regard later on. But as the money has been taken—the money of the taxpayers—and handed over to a private corporation without interest, on terms, I submit, and I am satisfied to stand by the judgment of the country in this, that it is not fair or just to leave 125 men out on the streets in Sherbrooke and to specify certain other places where this money may be used as the company deems fit.

The other question is very much more serious, due to the greater amount involved. Before we pass this resolution it is important to the taxpayers of Canada to know to what extent this government is obligated in actual dollars and cents in connection with guarantees to the banks. In view of the statements made this afternoon I would go further. The Prime

Minister this afternoon asked whether any man would dare to get up and say that we should not have guaranteed the provincial bank of Manitoba. That is not the situation. The Prime Minister refused to guarantee the provincial bank of Manitoba but he guaranteed the chartered banks in Canada when they took over the assets of the provincial bank of Manitoba.

Mr. GORDON: That statement cannot go unchallenged. The situation was as explained by the Prime Minister with respect to what is known as the provincial savings offices in Manitoba. There is no doubt that the premier of that province and his colleagues had of necessity to do something with somebody in order to render it possible for the depositors, numbering some 43,000 in Manitoba, to have the right to withdraw their moneys from provincial institutions set up by the province, and if help was not forthcoming from some quarter they could not have done so. So far as this government is concerned, the guarantee certainly was given to the banks and they took over the liabilities. For my part, I do not see how anyone could have done otherwise, and I think it would have been quite a serious matter, perhaps more serious than we sometimes think, if the provincial savings office of Manitoba had been permitted to go to the wall and it had been proclaimed in this country that a province had set up such an institution and had failed to take the necessary steps to enable the institution to protect depositors. This the province did, and the dominion guaranteed the banks against loss.

Mr. HOWARD: I understood from the Prime Minister's own statement this afternoon that he had guaranteed the bank of Manitoba, or their depositors, to save their money.

Mr. GORDON: He did not say that.

Mr. HOWARD: He guaranteed the chartered banks and they took over the assets of the bank of Manitoba. Well, those guarantees should be added in. I am quite willing to give all the help I can to the government and to cooperate with them in any way I can. But if they do not do some of the things which I think they should do under present conditions, I intend to criticize them, and if they do those things I am prepared to give them one hundred per cent of cooperation. This country is in an extraordinary condition to-day and if the government does not place fairly and openly before parliament, the people's representatives, the exact state of affairs and inform the people precisely where we are, I do not think it is playing fair; it is not the proper course to follow.

[Mr. Howard.]

The minister this afternoon estimated that it would require $20,000,000 to carry on his direct relief. I have no criticism to offer in that regard, but I suggest that the government at some stated time, as of January 31, December 31 or March 1, any day they choose, should indicate to the people to what extent the country is obligated in connection with guarantees in the marketing of wheat. I had a peculiar experience this week. A gentleman came to my office and asked me whether I could ascertain for him how many million bushels of wheat the government controlled in western Canada. I failed to see at the moment what he was driving at but I told him I would try to get the information for him. He said: "I know how many bushels are in the hands of the western farmers and how many million bushels are held by private elevator companies, and I have a good idea of what the market demand is in foreign countries. Now I am a speculator in the wheat market and have been all my life, but I do not know what to do, nor does anybody know what to do, so long as the government of Canada interferes with the natural course of business". That shed a new light on the subject for me. I had not known so much about it before but then I realized the seriousness of it. In other words, if he thought that there was to be a rise he would buy wheat; but he does not dare to do so because the Canadian government, with the taxpayers' money, is interfering with legitimate trade, preventing either a rise or a fall, so that people do not know whether the trend is going to be upwards or downwards under general conditions. Ordinarily the law of supply and demand regulates the prices of commodities in any line, but in this instance the government interferes with commodity prices and I think we have a right to know to what extent we are obligated at the present time under the guarantee. We have a right to know that before we pass this resolution.

I have been surprised that the Prime Minister of Canada has become so pessimistic. I am not pessimistic, even though conditions are tough, but I do think that speeches such as those the Prime Minister delivered in Hamilton, in Toronto and before the railway men of Canada will not help the situation. He knows, as well as everyone else, that after that speech Canadian Pacific Railway stock dropped from five to ten points in foreign countries—France, England and Germany unloaded Canadian securities right and left. Now, if there is one country in the world that is solvent to-day it is Canada, for we have

more assets per capita than any other country. In spite of these hard times our situation is better than that of any other country and we ought to stand together and be optimistic and use good judgment in an effort to meet the situation.

An hon. MEMBER: That sounds good.

Mr. HOWARD: You bet, and I feel that way. The hon. member for East Lambton quoted figures in regard to agricultural products, and the other night the hon. member for Brome-Missisquoi made a speech, and sent out to the eastern townships hundreds of copies of it, which did not give the facts. I wish to give the facts. I asked the dominion statistician to give me figures, and I do not think that hon. members will dispute them. I usually quote figures from the market in my own constituency and from the Montreal market, but here are figures from the dominion statistician. The question has been asked, "Are we Canadian farmers not satisfied when our commodities in Canada are the highest of any place in the world to-day?" That is what the hon. member for East Lambton said a moment ago; that is what the hon. member for Brome-Missisquoi said, and that is what the hon. member for Compton repeated. Here are the real figures, and if it is desired that they should be put on Hansard in tabulated form I shall be glad to give them. The tabulation given is for Montreal, No. 1 pasteurized eastern butter and New York creamery extra butter, so there can be no question that the figures given are upon the same basis. In January, 1932, the price at Montreal was 20·9 cents as against 23·7 cents in New York. Yet we are told that the prices are higher in Canada than in the United States. In February the price at Montreal was 18·3 and at New York 22·6. In November the prices were 20·8 cents and 23·2 cents respectively. The last figures given are for December, the last price obtainable from the bureau, just three months ago, and they are 21·5 cents and 23·9 cents respectively. Unfortunately we are getting less for our products than is being obtained in the United States. Using the figures given in another way, we find that in January 1928 the price at Montreal was 35·5 cents per pound as against 20·9 cents in 1932; in February, 36·5 cents as against 18·3 cents; in November, 39·9 cents as against 20·8 cents, and in December, 40·6 cents as against 21·5 cents.

Mr. SHAVER: Will the hon. member quote the spread in prices between Montreal and New York for 1928?

Mr. HOWARD: 35·5 and 48·9; 36·5 and 46·5; 39·9 and 50·7 and 40·6 and 50·8.

Mr. SHAVER: The spread was four times as great four years ago.

Mr. SPROULE: The hon. member for Willow Bunch was not quoting to-day's prices, and the hon. member is now quoting prices for one or two years back. We were talking of to-day's prices.

Mr. BROWN: The hon. member gave you to-day's prices on beef.

Mr. HOWARD: Let us take the spread in 1930. In January the prices were 37·6 for Montreal and 36·1 for New York; in February, 36·2 and 35·5; in November 29·4 and 36·1 and in December, 28·8 and 32·0. I will give the committee the prices on pork for 1932 as quoted in Montreal and New York. For January the prices were $16.50 in Montreal and $17·125 in New York. These prices are per barrel of two hundred pounds. In February the prices were $16.50 and $16·719; in November, $16 and $16·450, and in December, $16 and $14·750. The beef prices also showed a difference between Montreal and New York. For January, 1932, they were 11·3 cents per pound in Montreal and 14·5 cents per pound in New York; in February, 11·3 and 13·0; in November, 8·0 and 15·0 and in December, 8·3 in Canada, and 13·5 in the United States.

Mr. SPROULE: I quoted Chicago prices, and that is where the bulk of this stuff goes.

Mr. HOWARD: In January, 1932, the price of fish in Halifax was $8 per barrel of 205 pounds as against $13.12 in New York; in February, the prices were $8 and $12.30; in November, $4.75 and $11.48, and in December, $4.75 and $12.30.

Mr. SPROULE: I quoted Chicago and I defy the hon. member to quote anything different.

Some hon. MEMBERS. Order.

The CHAIRMAN (Mr. Maloney): I must say to the hon. member for East Lambton (Mr. Sproule) that the hon. member for Sherbrooke (Mr. Howard) has the floor.

Mr. HOWARD: I think it is only fair that these figures should be placed upon Hansard. I regret that the prices for our products are as low as they are and I am willing to give all the cooperation I can to the government to help raise the prices of our products. I say that in all sincerity and I think the minister knows I am sincere. However, I think the truth should be told and that we should not try to bluff the people.

Mr. SPROULE: I ask the hon. member to withdraw. I never quoted anything but Chicago and I defy him to change that.

Mr. BROWN: You did not quote any prices.

An hon. MEMBER: Chicago versus New York.

An hon. MEMBER: The Maroons win.

Mr. HOWARD: Going back to government loans, there is just one more thing I should like to say. If the government is going to lend money to corporations and the Canadian Pacific Railway should be included, I ask that it be stipulated that they treat the employees in one of their shops, according to their seniority rights, in exactly the same way as they treat the employees in other shops in Canada—give Sherbrooke the same treatment as Vancouver.

Mr. RALSTON: Mr. Chairman, I want to say just a few words about the general presentation which the minister made in introducing the resolution and deal with one or two matters in connection with which I presume the minister will be prepared to give information when the committee next considers this resolution.

In the first place may I say with all due deference that it was exceedingly hard for members of the house and the committee to get any intelligent and general idea of the broad outlines of the scheme which the minister was presenting. We had the idea that this government had started out with direct relief accompanied by a certain amount of relief works. We have heard subsequently, and it is always emphasized, that due to the opinion expressed by the provincial governments at the conference, the matter of public works has been abandoned. I submit that it has been very difficult to extract anything definite from the minister's statement the other day as to what the policy of this government is with regard to relief. The government is supposed to have been doing its best for the last three years to make good its election promises, or if not to make good its election promises at least to give some relief in the meantime. In spite of this we find the minister coming down with a hodgepodge, if I may so call it, or a patchwork in the shape of a policy consisting of a variety of disjointed and spasmodic spurts. All that has been done and all that has been proposed by this government is that we put an unlimited amount of money at the disposal of the Minister of Finance or the Minister of Labour and that when somebody comes up for this or that thing, a hand will be dipped in the bag and the money handed out.

Let me give some idea of the variety of projects towards which this money has been devoted. According to the minister's statement the other night, the first thing he always mentions in making up his accounts against the provinces is the advances for the federal government's share of relief work. I submit that that item should not be in there at all because the federal government's share of relief work should not be charged to the provinces; it should be by way of a direct grant. Hon. members will remember that the other night the minister solemnly went through the formality of quoting about five or six cases. On the one side he charged up to the provinces the advance for the federal government's share of the relief works and on the other side he credited the expenditure which the federal government should make, and the net result was nothing.

One of the next items that he mentions in his charges against the provincial governments is the loans for the provincial governments' share of the public works. Those are the items which give a good deal of concern. The minister makes up his totals in two or three ways. In one breath he says: Last year we paid out for direct relief something like $7,000,000. Then he says the total to date of accounts paid and credits against advances amounts to $11,207,874.72; and then he says that the total expenditure for federal relief will not exceed $25,000,000. But as was pointed out this afternoon, he does not include in that loans to provinces.

Mr. HANSON (York-Sunbury): He never said that he did.

Mr. RALSTON: It is something we have to consider when we are finding out what is done under this act, because what is proposed under this resolution is that a bill which will be founded on it will extend the full provisions of the act as regards not only paying direct relief but making loans as well. Therefore we should have some sort of succinct statement showing the amount of these loans. My figures are only very rough, but I am giving them in order that there may be on Hansard a statement bringing together all the figures given by the minister in this regard. I took them down as the minister made his speech and, while they are subject to some correction, they give roughly

the totals of the net amounts loaned or granted to the different provinces. They are in round figures:

Prince Edward Island	$ 14,630
Nova Scotia	213,000
New Brunswick	38,000
Quebec	1,389,000
Ontario	2,633,000
Manitoba	8,000,000
Saskatchewan	20,900,000
Alberta	6,178,000
British Columbia	5,800,000

In addition to that there are the figures for the wheat bonus:

Manitoba	$1,100,000
Saskatchewan	5,000,000
Alberta	5,857,000

In putting these on record, I do so with the statement that they were noted just roughly as the minister was speaking, and they may be subject to very substantial corrections, although I think the figures so far as I understand them represent in round numbers the amounts of money which have been advanced to the different provinces under the act by way of loan or advance.

This gives us a picture so far as the provinces are concerned. Now let us return to the different projects for which this money was paid. The minister says that direct relief was the headliner and the main avenue through which unemployment was to be assisted. As regards direct relief, he says in his speech that we spent something like $7,851,000. But, as he said, there were many other projects besides that, and he elaborated at great length the back to the land movement which had been inaugurated. If I am correct, the total amount spent on the back to the land movement for all the families that had been put back on the land and assuming that they are all settled properly, is less than half a million dollars in comparison with advances, loans and everything else amounting to something like $55,000,000.

Another item that he spoke on was the Banff-Jasper highway, the total amount for it being $367,000. Then there was flood prevention on the Assiniboine river, $5,000, and a small sum, only $3,000, through the Department of Agriculture for fitting up boats in connection with the export of cattle. The total amount for a much heralded scheme by the Department of National Defence for the building of airways across Canada was some $93,000. Therefore when one comes to look at the whole picture the direct relief item is the big one. Summing up the projects, big and little, in this confused policy: there is the land settlement of which I have already spoken; advances for homeless and single men; the Saskatchewan relief commission, area "A" and area "B," the amount for which is included in the sum I mentioned for Saskatchewan; amounts for seed grain; for New York commitments, which means advances to make up deficiencies of exchange on provincial commitments payable in the United States—these are all under the unemployment relief act which he proposes to extend this year—wheat bonus; relief camps; Banff-Jasper highway, which I mentioned a minute ago; Manitoba dykes, the airways, and items called non-recoverable advances. They are all under the relief act, and they justify what I said a minute ago that whenever money was wanted for some particular purpose the thing to do was to go to the government and the government reached into the bag provided by parliament and handed out the money under the act called the Unemployment and Farm Relief Act. There was also something like $200,000 for moving Nova Scotia coal and a small amount for repatriation.

Mr. HANSON (York-Sunbury): Does the hon. member oppose the item for moving Nova Scotia coal?

Mr. RALSTON: I am not opposing any of these items; I am simply trying to get before the country in intelligible fashion the expenditures which have been made and the objects to which they have been devoted, in order to show that this is a somewhat important bill and that the committee is entitled to all the information it can get with regard to the classification of expenditures which are to be made.

Mr. STEVENS: May I interrupt my hon. friend for a moment? Was the item of the wheat bonus, which was quite considerable, not under separate legislation? Just as a matter of accuracy, I think it is.

Mr. RALSTON: All I am saying is that the Minister of Labour referred to it in his speech, and I took it to be under this legislation.

Mr. GORDON: I think it is under separate legislation, but I referred to it in passing.

Mr. RALSTON: I took it to be that the amount had been spent under this measure.

Mr. STEVENS: Under separate legislation.

Mr. RALSTON: Then there are other matters. The hon. member for Sherbrooke mentioned one of them. Quite a number of things have been done under the power given the government by this act. One is the advances to the Canadian Pacific Railway. I presume the guarantees which have been

given in connection with the Beauharnois project have been made under this legislation. The committee has a right to find out what has been done in connection with that. There is also the matter of the "flyer" which was taken by the government in wheat futures and which has been referred to by the hon. member for Sherbrooke. Provincial highway construction has also played some part in connection with unemployment relief work. These are matters in connection with which the minister should be prepared to give us information.

I want to say a word with regard to the attitude the minister took this afternoon as to the request of the hon. member for St. Boniface. The minister technically is quite right in stating that he administers the matter through the provincial government and then through the municipalities. But I submit to him—and I submit it to him perhaps more forcibly because I have in my own constituency some cases which are in somewhat the same position as that in the constituency of the hon. member for St. Boniface—his pledge to the people of Canada was that this government would see that the people would not go without food, shelter or clothing. That was a pledge made by the federal government. There was nothing in that which indicated that one would have to apply to the municipality, the municipality to the province and then the province to the federal government. If a situation arises where a province falls down or a municipality does not do the proper thing by its people, my hon. friend in carrying out the obligation he has assumed must see to it that direct relief is furnished if necessary. He has not done his full duty by saying: Why do you not go to the provincial government or to the municipality? The people are starving; they need this food, shelter and clothing which was promised them, and he has no right, particularly when he knows the provincial situation which was brought to his attention by the hon. member for St. Boniface, to ask them to wait until some time in the future and after application is made to the Manitoba government. I have the same condition in my constituency. Individuals there, not groups, are writing me from time to time. I just happen to have a letter here which I brought with me to the committee, written on February 13, complaining bitterly with regard to conditions in the district of Shag Harbour, Shelburne county. My correspondent is a man by the name of Waybret, who says:

> What the poor people want to know or if they have made any allowance what a poor person should have for a month's food. That is, a person that has nothing. We have poor people here who have nothing, not so much as clothes. But the poor pepole are not particular what variety of food they have as long as they can get enough to keep from starving till they can go to fishing again.

I shall be glad to read the whole letter to the committee, but the important part is this:

> Just imagine what you can get for your dinner for two cents and a quarter, three-quarters of a loaf of bread for twenty-four hours, what it amounts to, and the people can't no way live on it, and there is lots of people going hungry for want of food.

He encloses a list of eight people, giving their names, who he says cannot live on seven cents a day.

Mr. GORDON: I have never yet heard since I have been in the Labour department of any place in Canada where the municipality or the province has a schedule as low, or anything like as low, as seven or four cents a day.

Mr. RALSTON: I do not know about the schedules in other places, and I did not know about this schedule until I got this letter.

Mr. HANSON (York-Sunbury): Do you know if it is correct?

Mr. RALSTON: This letter is from a reliable chap down there.

Mr. HANSON (York-Sunbury): I bet it is not correct. I make you a sporting offer.

Mr. RALSTON: I am giving it to the committee. My hon. friend may know about his own constituency, but I think I know about mine. That is the scale that is given, according to this letter, and I am bringing it to the attention of the minister for the purpose of emphasizing this: I do not think the minister ought simply to say they should go to the municipality, and the municipality to the province.

Mr. GORDON: Would my hon. friend suggest that the Dominion government should go down to Yarmouth or any place and individually administer relief?

Mr. RALSTON: I am saying that if it is necessary my hon. friend will have to do that if he carries out his pledge.

Mr. GORDON: I did not pledge anything.

Mr. RALSTON: I know exactly what my hon. friend pledged. He said the Dominion government would see to it, as I understood him, and he will correct me if I am wrong, that no one in the Dominion of Canada would go without food, clothing or shelter.

Mr. GORDON: Yes, but surely, Mr. Chairman, when I made the statement in

substance that every available dollar in the federal treasury would be devoted, if necessary, towards seeing that our people shall not suffer this winter on account of lack of food or clothing or fuel or shelter, I had a right to assume that the provinces were governed by decent, respectable Canadians, and I have no reason to think that they are not.

Mr. RALSTON: That does not answer anything at all. My hon. friend was not assuming and did not suggest that he was assuming anything. He was giving that pledge to the people of the Dominion of Canada, and that is why I am saying to my hon. friend that I do not think he is treating the situation quite fairly when he refers the hon. member for St. Boniface to the municipality. This is an emergency. My hon. friend has bitten it off and has taken the responsibility, and he ought at least to investigate, and not simply sit back and say: "We have not any reports from the provincial government," because a good many people can go hungry before a municipality or a province moves in connection with the matter. That is the point I am making, and my hon. friend should not stand on ceremony, as apparently he is doing in connection with some of these matters. It is all very well to say that it is a municipal or provincial charge. The good old constitution is serving its purpose with my hon. friend just now. But he has taken that responsibility, and I submit that he should do whatever is necessary to see that relief reaches these people.

Just to open the matter of the advances with regard to what I may call wheat futures, I do not think the orders in council which were passed in connection with that matter have yet been put on the records of this house. They have been referred to by the public press, and the Prime Minister some time ago made a statement in the house, but the orders in council have not yet been put on record. I do not want to take up the time or the space in Hansard to read them through; all I want to do, if I can, is at least to begin to summarize them.

The first one—I think this is the first—is P.C. 2238, passed on September 12, 1931. It recites a report from the Minister of Finance under the Unemployment and Farm Relief Act of 1931, and of an undertaking—hon. members will note this—

> —of an undertaking on behalf of the government, made before the session of parliament at which the said act was passed, to implement by legislation—

A certain recommendation, which was that certain chartered banks, namely, the Bank of Montreal, the Bank of Nova Scotia, the Bank of Toronto, the Canadian Bank of Commerce, the Royal Bank of Canada, the Dominion Bank, and the Imperial Bank of Canada, should be guaranteed the amounts of money advanced by them to an association or company known as the Cooperative Wheat Producers Limited:

> —hereinafter called "Wheat Producers," and interest thereon until repayment as agreed between the said banks and Wheat Producers in connection with and incidental to the marketing of the wheat and other grains grown in the provinces of Manitoba, Saskatchewan and Alberta in the year 1930 and delivered to or in process of delivery to Wheat Producers, and including advances for purchases of wheat or other grains deemed necessary by Wheat Producers to secure the advantageous sale of such grains already delivered to or to be delivered to Wheat Producers.

That clause beginning with the words "and including" is of particular importance in connection with the transactions which subsequently took place.

There is a recommendation in the order in council that the guarantee should become operative and payment should be made out of the consolidated revenue fund of Canada when all or practically all of such wheat has been sold or realized upon, less expenses.

Progress reported.

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

Monday, March 6, 1933

The house met at three o'clock.

UNEMPLOYMENT RELIEF

Mr. GORDON: I desire to lay on the table of the house certain orders in council passed pursuant to the relief legislation.

PETITION

Mr. ROSS W. GRAY (West Lambton): Mr. Speaker, I beg leave to present to the house a petition signed by Charles Hayward and over nine hundred other farmers residing in the constituency which I have the honour to represent. The petition is addressed to the Minister of Finance.

Mr. SPEAKER: The petition is directed to the Minister of Finance and should have been presented to him, not to the house. The references of the hon. member to the petition will be struck out.

DUTY ON BRITISH IMPORTS

On the orders of the day:

Hon. W. D. EULER (North Waterloo): I should like to direct a question to the Minister of National Revenue (Mr. Ryckman) based on an article which appeared in a Toronto financial paper a few days ago. This article stated that when Great Britain went off the gold standard wholesale prices of commodities in that country were seven per cent lower than Canadian prices but that they had increased until now they are seven per cent higher than Canadian prices, an increase of fourteen or fifteen per cent. My question is whether the government has given or will give consideration to the propriety of altering the basis for duty on British imports from the old par value of $4.86\frac{2}{3}$ to conform with the alterations in the prices of commodities in Great Britain.

Hon. E. B. RYCKMAN (Minister of National Revenue): I have not seen the article to which my hon. friend refers, but so far as my knowledge goes I think the facts stated are not quite correct. I shall be glad to consider the matter and give an answer to-morrow.

PENSION LEGISLATION

On the orders of the day:

Mr. C. G. POWER (Quebec South): I should like to ask the Minister of Pensions and National Health (Mr. MacLaren) if the rumour which appeared in the press to-day to the effect that pension legislation will be introduced shortly is true.

Hon. MURRAY MacLAREN (Minister of Pensions and National Health): In reply to the hon. member's question I may say that a bill will be brought down this session containing amendments to the Pensions Act.

NEW ZEALAND BUTTER

On the orders of the day:

Mr. THOMAS REID (New Westminster): I should like to ask the Minister of Trade and Commerce (Mr. Stevens) whether he is prepared now to answer the question I directed to him last Thursday.

Hon. H. H. STEVENS (Minister of Trade and Commerce): What was the question to which my hon. friend refers?

Mr. REID: I will read the question as it appears in Hansard for Thursday last:

Have any representations been made to him by any dairymen's associations or other interests in British Columbia in connection with the increased sale of New Zealand butter at prices which it is claimed will be disastrous to the farmers of British Columbia? If so, what steps have been taken to protect the dairymen?

Mr. STEVENS: Representations have been made and all reasonably adequate steps have been taken.

WHEAT MARKETING BOARD

On the orders of the day:

Mr. CAMERON R. McINTOSH (North Battleford): I should like to direct a question to the Prime Minister (Mr. Bennett). In view of the further representations which were made last week by representatives of the western pools in regard to a national wheat marketing board I should like to ask the Prime Minister if he has any additional information to give the house beyond that which he gave on Monday February 13.

Right Hon. R. B. BENNETT (Prime Minister): I have advised the representatives of the pools that the government has no intention of setting up a national wheat marketing board at this session.

NEW WESTMINSTER PENITENTIARY

On the orders of the day:

Mr. THOMAS REID (New Westminster): I should like to direct a question to the Minister of Justice (Mr. Guthrie) based on a communication which has just reached me with regard to some trouble in the New Westminster penitentiary. I wonder if the Minister of Justice has any report on the matter.

Hon. HUGH GUTHRIE (Minister of Justice): I have had no recent information of any trouble at all in that penitentiary. Some three or four weeks ago I received a report that a disturbance had been planned, at all events, involving some seven or eight prisoners, but nothing serious developed although I may tell my hon. friend that I have received warnings from outside the penitentiary that an effort is being made to stir up trouble there. That came to me through an intercepted communication from outside, and it was back about the beginning of January. No trouble of any kind has occurred there so far.

PRIVATE BILL

FIRST READING

Bill No. 41, to incorporate the Sarnia-Port Huron Vehicular Tunnel Company—Mr. Gray.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

DOMINION TREASURY BILLS

Mr. COOTE:

1. What was the amount of Dominion of Canada treasury bills: (a) payable in Canada; (b) payable in the United States, outstanding on December 31, 1931; May 31, 1932, and December 31, 1932?

Sir GEORGE PERLEY:

1. Treasury bills and treasury notes outstanding: 31st Dec., 1931—payable Canada and New York, $40,000,000; payable New York, $18,000,000. 31st May, 1932—Canada and New York, $40,000,000; payable New York, $14,000,000. 31st Dec., 1932—payable Canada, $85,000,000; payable New York, $60,000,000.

CANAAN RIVER FISH WARDEN

Mr. VENIOT:

1. What was the total amount of salary received by George Damery, fish warden on Canaan river, Queens county, New Brunswick?

2. Has George Damery been dismissed or laid off?

3. Does George Damery receive any pension for military services rendered?

Mr CAHAN:

1. $81.

2. Term of employment ended.

3. No.

ROYAL CANADIAN MOUNTED POLICE

Mr. HANSON (Skeena):

1. How many officers and how many men are employed on the force of the Royal Canadian Mounted Police in the province of British Columbia?

2. What is the total cost per year of the Royal Canadian Mounted Police in that province?

3. Where are the headquarters of the Royal Canadian Mounted Police located in the province of British Columbia and how many officers and how many men are employed there?

4. How many sub-stations are there in that province, where located, and how many men are employed in each instance?

Mr. GUTHRIE:

1. Officers.. 5
Non-commissioned officers and constables.. 164
Special constables.. 11
180

2. $278,305.44.

3. Vancouver, B.C., and the following officers and men are employed there:—
Officers.. 4
Non-commissioned officers and constables.. 126
Special constables.. 8
138

4. 15 detachments, located at the following points with strength as indicated:—

Place	Officers	N.C.O's and Consts.	S/Consts.	Total
Abbotsford..	..	1	..	1
Cloverdale..	..	1	..	1
Cranbrook..	1	2	..	3
Esquimalt..	..	11	1	12
Fernie..	..	1	..	1
Grand Forks..	..	1	..	1
Hazelton..	..	4	..	4
Kingsgate..	..	1	..	1
Newgate..	..	1	..	1
Penticton..	..	3	..	3
Prince Rupert..	..	1	..	1
Vanderhoof..	..	1	..	1
Victoria..	..	9	..	9
Patrol boat "Imperator"..	..	..	2	2
Field..	..	1	..	1
	1	38	3	42

Note.—Although Field detachment is in the province of British Columbia, it is administered from "K" division, Edmonton.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADIAN BANK DIVIDENDS

Mr. MITCHELL:

1. What was the rate of dividend paid by each of the chartered banks in Canada for each of the years 1928 to 1932, inclusive?
2. What is the total amount of such dividends in each year, 1928 to 1932, inclusive?

PUBLIC WORKS—LAVAL-TWO MOUNTAINS

Mr. DUPUIS:

1. Has the Department of Public Works done any levelling work in the county of Laval-Two Mountains, from the month of July, to date?
2. If so, in respect of what rivers was such work carried out and what sums were spent in each case?
3. Has the said department carried out any drainage and excavation works in the county of Laval-Two Mountains, from the month of July to date?
4. If so, in respect of what water courses were such works carried out and what sums were spent in each case?
5. Did the federal government pay the whole cost of these works? If not, what proportion was the government called upon to pay?
6. Upon whose request were such works carried out?

CANADIAN NATIONAL RAILWAYS—EMPLOYEES

Mr. JEAN:

1. How many persons are in the employment of the railway companies owned by the Dominion of Canada?
2. How many of these employees are British subjects resident in Canada?
3. How many repair shops does the Canadian National Railway Company own?
4. Where are such shops located?
5. During how many days in 1932 were each of these shops operating?
6. How many persons were employed in each of these shops during 1932?

MOTIONS FOR PAPERS

CAP ST. IGNACE STATION POST OFFICE

Mr. FAFARD:

For a copy of all letters, correspondence, telegrams, petitions and other documents, respecting the dismissal of the postmaster of Cap St. Ignace station, county of Montmagny, Quebec.

UNEMPLOYMENT RELIEF

Mr. DUGUAY:

For a copy of all telegrams, correspondence and reports exchanged between the federal government and the government of Quebec, respecting the refund of certain federal contributions made by virtue of the Unemployment Relief Acts of 1930 and 1931.

[Mr. Guthrie.]

RIVIERE DES ILOTS DE NEWPORT, QUE.

Mr. BRASSET:

For a copy of the paysheets in connection with work done at Riviere des Ilots de Newport, Gaspe county, in 1930, 1931 and 1932.

SAND POINT, ST. JOHN RIVER WHARF

Mr. VENIOT:

For a copy of all paylists and a statement of materials used in connection with the work on the Sand Point wharf, St. John river, during the year 1932.

GRANDE-VALLEE, GASPE, POST OFFICE

Mr. BRASSET:

For a copy of all letters, correspondence, telegrams and report of the investigation into the resignation of Willie Mainville, as postmaster of Grande-Vallee, Gaspe county.

INGONISH HARBOUR, N.S., LIGHT KEEPER

Mr. DUFF:

For a copy of all letters, telegrams, memoranda and other documents exchanged between the Minister of Marine or any of his officials and any person or persons in the province of Nova Scotia, regarding the dismissal of George MacDonald as lightkeeper at Ingonish harbour; also memorandum giving charges against said lightkeeper with copy of any evidence or reports made by William Noblett the commissioner investigating the charges against said MacDonald.

PORT DANIEL CENTRE POST OFFICE

Mr. MARCIL:

For a copy of all telegrams, petitions, correspondence and other documents in the possession of the Post Office Department, regarding the dismissal of the postmaster at Port Daniel Centre, and the appointment of a new postmaster, during the year 1932. Also a copy of all evidence taken and report made by the commissioner in connection with the matter.

GRANBY, QUE., AIRDROME

Mr. TETREAULT:

For a copy of all correspondence, telegrams, letters, reports, and other documents, exchanged between the Department of National Defence or any official of the department and the promoters of the airdrome at Granby, Quebec, and the former member of Shefford, Mr. Ernest Boivin.

QUEBEC INDIAN LANDS

Mr. TETREAULT:

For a copy of all correspondence, telegrams, reports and communications exchanged between the government of the province of Quebec and the federal department of justice, since 1920, respecting the claim of $300,000 made by the province of Quebec in connection with Indian affairs.

ST. ISIDORE-COULOMBE, QUE., MAIL CONTRACT

Mr. BOULANGER:

For a copy of all letters, petitions and other documents on file in the Post Office Department, respecting the application of Mr. Jos. Dallaire, junior, of St. Isidore, county of Dorchester, for a contract to carry the mail from the Canadian National Railways station at St. Isidore to the Coulombe post office.

FREIGHT RATES ON GRAIN

Mr. REID:

For a copy of all correspondence, letters, and telegrams exchanged between the Minister of Railways and Canals or any other minister of the government, and the premier or any minister of the government of British Columbia or any other person, regarding the matter of the reduction of freight rates on grain or grains used for domestic purposes, since the 1st of December, 1932, up to the present time, and including copy of suggestions as contained in the joint letter of Mr. Stephen, acting vice-president of the Canadian Pacific Railway, and Mr. Fraser, vice-president of the Canadian National Railways, sent to the Hon. Mr. Manion, Minister of Railways and Canals, on the 1st of February, 1933.

Mr. MANION: I have no objection to this motion passing, but in a large measure it has already been answered; as a matter of fact the essential parts of it have already been tabled. I tabled them a few days ago, but if there are other telegrams and letters that have not been brought down I shall be glad to table them.

Mr. REID: What has been tabled?

Mr. MANION: The essential parts with respect to grains, and the letter from Mr. Stephen and Mr. Fraser. In fact, pretty nearly all that the hon. gentleman asks for has been tabled. However, I will look into the matter and table anything else that is affected by the motion.

Some hon. MEMBERS: Dropped.

Mr. REID: No, Mr. Speaker, it is not dropped.

Mr. SPEAKER: I did not understand the minister to say dropped.

Mr. MANION: I have no objection to the motion carrying, but as I have pointed out most of the information has already been tabled.

Mr. SPEAKER: Carried.

Motion agreed to.

FEDERAL DISTRICT COMMISSION

Mr. CHEVRIER (for Mr. Fournier):

For a copy of all reports, letters, telegrams, recommendations, contracts, documents and other papers in the files of the Federal District Commission, respecting the purchase of a piece of land on Laurier street, Hull, for the purpose of creating a park and playground.

Mr. BENNETT: The hon. member in whose name this notice of motion stands is not present, but in any event I think the motion belongs to that class which should not be passed by this house. None of the documents referred to are in the custody or possession or under the control of the government of Canada. The Federal District Commission is an independent body transacting its own business using, it is true, money which we provide them with and with respect to which they make an annual report which is tabled in the house and which, under the practice, may be reviewed by the committee on public accounts. I do not think the motion should pass.

Mr. SPEAKER: The motion will be dropped.

CONTRACTS UNDER PREVIOUS GOVERNMENT

Mr. BOULANGER:

For a copy of all contracts granted by the preceding administration that were revoked or modified by the present administration since taking office to date.

TREASURY DEBENTURES AND BONDS

Mr. BOULANGER:

For copies of the debentures and bonds of the treasury of the Dominion of Canada printed under chapter 71 of the revised statutes of Canada, 1927, printed and published in pursuance of section 133 of the British North America Act and section 10, chapter 2 of the revised statutes of Canada, 1927.

CANADIAN COINAGE

Mr. BOULANGER:

For specimens of Canadian gold, silver, nickel and bronze coins minted under the authority of chapter 40 of the revised statutes of Canada, 1927, printed and published in pursuance of section 133 of the British North America Act, and section 10, chapter 2 of the revised statutes of Canada, 1927.

DOMINION NOTES

Mr. BOULANGER:

For copies of Dominion notes issued and printed under chapter 41 of the revised statutes of Canada, 1927, printed and published in pursuance of section 133 of the British North America Act and section 10, chapter 2 of the revised statutes of Canada, 1927.

Mr. BOULANGER:

For a copy of the contract granted by the government of the Dominion of Canada for the printing of Dominion notes issued under chapter 41 of the revised statutes of Canada, 1927, printed and published pursuant to section 133

of the British North America Act and section 10, chapter 2 of the revised statutes of Canada, 1927.

BILINGUAL COINAGE AND CURRENCY

Mr. BOULANGER:

For a copy of all correspondence or petitions forwarded to the government or any member of the ministry, by any person or association, requesting the coinage of Dominion metallic currency and the printing of Dominion notes in the two official languages of the country.

Right Hon. R. B. BENNETT (Prime Minister): With respect to the notices of motions standing in the name of the hon. member for Bellechasse (Mr. Boulanger) numbers 13 to 18 inclusive, the hon. member for Bellechasse is not in his place. The meaning of some of the notices is very obscure, and it is difficult, without some dates being added, to understand exactly what is meant by others. For instance with respect to number 13, almost every contract has had some slight modification made, either by extras or otherwise, by all governments. If that is involved it would take a very long time to get copies made of all those documents. Possibly the hon. member does not require that. With respect to the others it will be necessary to have some clearer expression of what is meant than a mere statement of statutes. I suggest that these motions stand until the hon. member comes to the house.

Mr. SPEAKER: Numbers 13, 14, 15, 16, 17, and 18 stand in the absence of the hon. member.

INTERNATIONAL EXHIBITIONS

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

That it is expedient that parliament do approve of the convention relating to international exhibitions, and the protocol of signature, signed at Paris on the twenty-second day of November, nineteen hundred and twenty-eight, on behalf of the government of Canada, by the plenipotentiary named therein, and that this house do approve of the same.

He said: This convention relating to international exhibitions was signed at Paris on November 22, 1928. Hon. members will observe from reading it that its purpose is to limit the number of international exhibitions and to establish a uniform code for their organization and administration, which shall be equitable to all countries. It applies however only to exhibitions that are official, or officially recognized, and which last for three weeks or longer. The contracting countries agree to withhold state patronage, subsidies, grants and other privileges from international exhibitions, which, being within the scope of this convention, do not comply with its provisions.

I do not think it is necessary to do more than say the principle is provided for. It is estimated that it will cost £4,000 a year to maintain it, contributions to be made on the basis of contributions made to the League of Nations.

Possibly the motion to approve should have been submitted to the house before this, but for one reason and another, namely waiting for other countries to complete their approval, such action has not been taken. At the signing this country was represented by the Canadian Minister at Paris. The convention is now in force, having been ratified by Albania, Germany, Belgium, Spain, France, United Kingdom, Italy, Morocco, Rumania, Sweden, Switzerland, Tunis, Czechoslovakia, Portugal, Denmark, Poland, and the Netherlands. On October 22, 1930, we as a nation advised the French Chargé d'Affaires at Ottawa that we proposed to ratify the convention, and it is now important that this action should be taken in order that we may benefit by its provisions. I think in the end it will result not only in the saving of money but also in securing some uniformity of administration in connection with international exhibitions.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I think there is little to add to what the Prime Minister has said. There is however one important provision of the convention to which my right hon. friend did not draw the attention of the house, of which it might be advisable to speak. It is one evidently intended to assist in making international exhibitions a great success:

In every exhibition to which the present convention applies, goods subject to customs duties and taxes forming part of foreign exhibits shall be admitted temporarily free of duty and tax on condition of being reexported.

In freeing commodities even temporarily from customs duties the convention sets an example to the nations that it might be well for some of them to emulate.

Mr. BENNETT: As a matter of fact that is but a recognition of what we already have in our tariff, extended to other countries.

Mr. MACKENZIE KING: It is worth mentioning.

Motion agreed to.

Mr. BENNETT: Then I move:

That a message be sent to the Senate informing their honours that this house has adopted the above resolution and requesting that their honours will unite with this house

in approving the above mentioned convention and protocol of signature, and that the clerk will carry the said message to the Senate.

Motion agreed to.

VISITING COMMONWEALTH FORCES

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of Bill No. 40, respecting visiting forces of His Majesty, and the exercise of command, discipline and attachments of commonwealth forces when serving together.

He said: I do not know that it is necessary to add anything to what is indicated by the notes that accompany the bill. Shortly put, the matters mentioned in the bill were vested in the Imperial parliament under the authority of the Army Act, with the passing of the statute of Westminster the responsibility rested with the dominions, and the various dominions that constitute the British commonwealth of nations have agreed upon a bill, with such changes as local conditions necessitate, and that is bill number 40, the second reading of which I now move. If there are any matters requiring explanation such explanations will be furnished during its progress through the house.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I accept the statement of the Prime Minister that this bill is necessary as a consequence of the statute of Westminster, and that its purpose is to facilitate training and cooperation as between different forces—

Mr. BENNETT: Visiting forces.

Mr. MACKENZIE KING: Yes, of the several nations of the British commonwealth of nations. The provisions of the bill however refer to service of these forces together. I shall ask the Prime Minister, when we get into committee, whether it is clearly understood that this service relates only to service together in cooperation for training purposes, not service together in time of war. I am not sure that the bill is not capable of the interpretation of also relating to possible service together in time of war, if, indeed, that is not exactly what is intended.

I assume that the provisions of the bill are all subject to the provisions of existing statutes which govern the placing of the Canadian forces at the disposal of His Majesty outside of Canada, whether it be the army, air forces or naval service, and that the bill as presented is in no way intended to override the fundamental provisions of those acts.

There is just one other point that I should like to mention. The use of the words or rather the designation, "commonwealth forces" is a new one. The Prime Minister explained at the time of the introduction of the bill that it means the forces belonging to the nations of the British commonwealth. So long as it is understood in that way I take no exception to it, but I should not like it to be assumed that in adopting that term, we are creating under commonwealth forces so-called some new form of Imperial forces, some consolidated or centralized forces.

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

Section 1 agreed to.

On section 2—Definitions.

Mr. BENNETT: I think the right hon. gentleman will see that the definition of "the commonwealth" meets his difficulty.

Mr. MACKENZIE KING: Yes.

Section agreed to.

Sections 3, 4 and 5 agreed to.

On section 6—Application of section.

Mr. MACKENZIE KING: This section applies to the forces of all the dominions and of the United Kingdom. Paragraph (ii) of subsection (2) reads:

(ii) subject to anything to the contrary in the conditions applicable to his service, may place any member of a home force at the disposal of the service authorities of another part of the commonwealth for the purpose of being attached temporarily by those authorities to a force to which this section applies belonging to that part of the commonwealth.

Mr. BENNETT: To which the other force belongs.

Mr. MACKENZIE KING: Will my right hon. friend explain whether under that section, assuming, for example, that another portion of the empire were engaged in war, it would be possible for the Minister of National Defence of Canada to place at the disposition of the forces of that part of the empire members of the Canadian forces.

Mr. BENNETT: That is not what the section contemplates. I think the explanatory note that is opposite the section is a fair statement of the situation. The explanatory note reads:

This section deals with the attachment of personnel and mutual powers of command. The cooperation in defence matters which has existed now for many years involves the interchange of officers and men, and it is necessary to enable such officers and men to carry on their duties on the same basis as if they were members of the forces to which they are attached. Subsection 4 deals with combined operations and makes it legally possible to have

a single command, subject, of course, to the consent of the governments of the component forces.

There is in the bill, so far as I have been able to understand it, nothing that in any way impinges upon the provisions of any existing act of parliament, but owing to the Army Act being no longer applicable this bill makes provision for those matters that were heretofore dealt with by the Army Act. As I say, there is no derogation from the powers of parliament nor any interference with the most complete autonomy and control by our own parliament and country. That is my understanding.

Mr. MACKENZIE KING: Does my right hon. friend regard the section as having application in time of war or only in time of peace?

Mr. BENNETT: My understanding of it is that it has no war application, because the question of war, with respect to our forces, is a matter that ultimately has to be determined by this parliament. This legislation is entirely subject to any existing statutes or any that may be passed. It deals with visiting forces or with those that technically are perhaps not visiting forces, that is forces that go from one country to another for the purpose of training. For instance, at various times we have officers attached to the forces of Great Britain, and, as the right hon. gentleman knows, it has been customary for many years to have the same interchange with respect to other parts of the empire. According to my understanding and reading of the measure, it does not apply to a war condition.

Mr. MACKENZIE KING: I am glad to have my right hon. friend give that interpretation. Just to make doubly sure of the point which has been mentioned, may I direct his attention to the concluding sentence of the explanatory note regarding section 6, which reads as follows:

Subsection 4 deals with combined operations and makes it legally possible to have a single command, subject, of course, to the consent of the governments of the component forces.

The Prime Minister has emphasized the importance of the control of parliament in time of war, but if the provisions of this act were to apply to service in time of war, it would give to the government of the day, in view of that explanatory note, the power which I think, and which I believe my right hon. friend thinks, ought to belong to parliament. In other words, the government of the country apart from express authority from parliament should not have the authority to place Canadian forces under a single command in any other part of the empire or in any other part of the world.

Mr. BENNETT: The former Minister of National Defence is familiar with the necessity for this legislation. I am not a military man. The necessity arises out of the Imperial conference of 1926 and the subsequent steps taken in 1930. The bill as I understand it was agreed to by the representatives of the various countries. The preamble makes it abundantly clear. It says:

Whereas it is expedient to make provision with respect to forces of His Majesty from other parts of the British commonwealth or from a colony when visiting the Dominion of Canada; and with respect to the exercise of command and discipline when forces of His Majesty from different parts of the commonwealth are serving together; and with respect to the attachment of members of one such force to another such force, and with respect to deserters from such forces:

It might well be that if parliament had taken action as required by existing statutes, "serving together" might be in time of war. That is clear, is it not?

Mr. MACKENZIE KING: That is what I think it does mean myself.

Mr. BENNETT: But I think it is clear that there is no interference with the power of parliament. The words in the explanatory note, "the consent of the governments of the component forces," mean in that instance the consent that is provided for by the statutes of this country which lay down the only method by which forces can be dispatched out of this country, which is of course with the consent of this parliament. If another country permits its forces to come here and our forces are serving with those of another country, then section 4 provides that any member of the other force—we will say it is an Australian force that is serving together with the Canadian force—shall be treated and shall have the like powers of command over the home force as if he were a member of the home force of relative rank. That is, if you have the two forces serving together here and commanded by an officer from, say, South Africa or Australia, he should have the same powers as though he were dealing with his home forces.

Mr. STEWART (Edmonton): If this applies merely to forces on a visit for purposes of training, why is subsection 4 inserted?

Mr. BENNETT: Subsection 4 deals with unity of command, and undoubtedly under certain circumstances would apply in time of

war. But no force can leave this country except with the consent of this parliament. That is clear under our own statutes.

Mr. STEWART (Edmonton): My right hon. friend did not get my point. If the act is merely for the purpose of controlling visiting forces—

Mr. BENNETT: It goes further than that. I stated a moment ago that it goes further than that with respect to matters of discipline, desertion, and matters of that kind. It goes further also with respect to unity of command where two forces are serving together, and the position which is occupied by whoever may be in command is made equivalent to the position he would have if he was serving with his home forces in his home country. But this legislation gives no power in any sense to alter the provisions of existing legislation with respect to the movement of armed forces from this country. That can only be done, as I understand the law, with the consent of parliament.

Mr. STEWART (Edmonton): My point is that if this act is merely for the purpose of governing existing forces—

Mr. BENNETT: I say it is more than that.

Mr. STEWART (Edmonton): —then in case of war, if parliament takes action and sends forces from Canada, those forces will be under the command of a superior officer in Great Britain or from some other part of the empire, and it will mean that we shall be passing control of our army into their hands.

Mr. BENNETT: On the contrary, they might be passing control into our hands. It does not touch the substance or principles which have to do with peace and war and the movement of forces. But when a home force and another force to which this section applies are serving together, then any member of the other force shall be treated and shall have over members of the home force the like powers of command as if he were a member of the home force of relative rank. That is, if forces from New Zealand and Canada were serving together, and a New Zealander were in command of the two forces, he would have the same position as one of his rank would have if he were a Canadian in charge of the two forces. That is all. It is merely for the purpose of establishing, just as the section says, some cooperation in defence matters; and if reliance is placed upon cooperation, then there should be no conflict in case of two forces, one from New Zealand and one from Canada, serving together as to whether a Canadian of a given rank was in command or a New Zealander of the same rank. But if a New Zealander were in control of the two forces he should have the same powers of command over the forces as though he were a Canadian; and vice versa, if a Canadian were in command of Australian and Canadian forces serving together, he should have the same rank as he would have if he were an Australian of that rank under their statute.

The reason I am speaking with very great care about the matter is because it is not a matter about which I have any technical knowledge. I am only speaking by the book, as I understand it. The discussion that took place in the conference of 1930 is summarized by the note that appears on page 2 of the bill. As a result of that, discussions took place for the purpose of trying to draw up a bill that would not by any possible chance be considered as impinging upon the power of parliament or upon the strength of existing statutes that dealt with substantive matters of military defence. I think that that is a correct statement of the position.

Mr. MACKENZIE KING: I feel sure that the assurance which the Prime Minister is giving the house is one which he believes to be absolutely correct, and one which certainly we are all glad to have. At the same time, I do think that the wording of the statute itself would seem to give, on occasions at least, some powers to the Minister of National Defence himself, and on other occasions to the governor in council itself which we have not up to the present assumed would be existing in relation to or in time of war. May I direct attention to subsection 5 of section 6 which reads as follows:

> For the purposes of this section, forces shall be deemed to be serving together or acting in combination if and only if they are declared to be so serving or so acting by order of the Minister of National Defence, and the relative rank of members of the home forces and of other forces shall be such as may be prescribed by regulations made by His Majesty.

Just what is meant by "regulations made by His Majesty"? Does it mean by His Majesty as advised by the British government or as advised by the government of one of the other nations of the British commonwealth in the case of Canada, our own government? Also is there not a possibility that section 6 will be construed as giving to the Minister of National Defence power which up to the present time we have assumed would be exercised only by parliament itself? I raise that question more particularly because of

the wording of section 8, which we have not yet reached. When we come to section 8, it will be noticed that as regards any naval force it says:

So far as regards any naval force and the members of any such force, the provisions of this act shall be deemed to be in addition to and not in derogation of such of the provisions of any act of the parliament of the United Kingdom or of the parliament of any other part of the commonwealth as are for the time being applicable to that force and the members thereof.

While that section is there with reference to the naval forces, there is no similar section with respect to the army or air forces, and the omission of a similar section with regard to the army and air forces seems to me to lend added significance to the powers that are given to the Minister of National Defence under subsection 5.

Mr. BENNETT: There is a very simple explanation for that.

Mr. MACKENZIE KING: I saw the explanation, but I did not regard it as very satisfactory. However we shall come to that section later on.

Mr. CAHAN: I believe if the right hon. leader of the opposition will look at the definition of the term "member" where it is used in this bill he will notice that it applies to an individual person, either an officer or one serving in the ranks.

Mr. MACKENZIE KING: Yes.

Mr. CAHAN: "Member" does not apply to any particular ship of the naval service, or any particular company, regiment or battalion of the home forces or of visiting forces. The definition shows that the term "member" applies to an individual person and not to a company.

Mr. MACKENZIE KING: I saw that, but I think the minister will admit that if the Minister of National Defence wished to do so he could name a sufficient number of members to include a squadron, regiment or any other body.

Mr. CAHAN: He would have to name dozens of them.

Mr. BENNETT: You would have broken formation, in that event.

Mr. NEILL: The house seems to be passing this bill largely out of respect for the opinion of the Prime Minister that it is necessary and appropriate so to do, because there is no doubt that the language of the bill is so horribly involved, and such long sentences are used that it is very difficult for the ordinary individual to have any accurate understanding of it. May I ask the Prime Minister if it was agreed at the Imperial economic conference or elsewhere, among the British commonwealth of nations, that this act should, so to speak, be a standard act that would be passed in these terms by British nations, or is this legislation merely indigenous to Canada? Is there any record of other nations in the commonwealth having passed such legislation?

Mr. BENNETT: If the hon. member who has just spoken would turn to page 2 of the bill he would find an extract from the summary of proceedings of the Imperial economic conference of 1930. It will be observed that the report was very simple but—

It was impossible to more than examine some aspects of the practical problems which will be involved in the carrying out of the recommendations contained in paragraph 44 of the report of the conference on the operation of dominion legislation.

It is assumed that all governments will desire to take such action as may be necessary to secure (1) that the military discipline of any of the armed forces of the commonwealth when present, by consent, within territory of another, rests upon a statutory basis. . . .

The reason for that is that the Army Act no longer applies to this part of the British Empire, it being passed at Westminster and—

(2) that there shall be no period of time during which the legal basis of military discipline could on any ground be impeached.

That is for purposes of discipline and control.

The methods by which the above two objects can best be attained must necessarily be a matter for the government themselves.

As the action to be taken to give effect to the recommendations contained in paragraph 44 of the report of the conference on the operation of dominion legislation is likely to take some time, it was agreed that all the governments concerned will take such steps as may be necessary to provide against possible difficulties during that period.

In 1929, it will be remembered, a committee met in London to draft legislation to give effect to the principles enunciated in the 1926 conference. The then Minister of Justice represented the Dominion of Canada. Their recommendation did not undertake to draft this bill, but in 1930, when the matter was referred to the appropriate committee, resolutions were arrived at which are set out on page 2 of the notes to the bill. And this bill represents not the draftsmanship of the Dominion of Canada but a bill which is assumed to represent the views of all parts of the commonwealth, subject to changes in terminology and matters of that kind which

may be made necessary because of local conditions. I believe the right hon. gentleman said he had the British bill before him this afternoon.

Mr. MACKENZIE KING: No, I was referring to the convention concerning exhibitions.

Mr. BENNETT: I understand; that was in connection with another matter. When the hon. member for Comox-Alberni asks whether or not action has been taken by any other countries, I must answer that I am not definite as to the number who have passed this legislation. My understanding is that it has been passed, but of course in England they still pass their Army Act. The only difference is that the Army Act does not now extend beyond the confines of the United Kingdom, and, of course, the colonies included in matters of that kind. It does not extend to the Dominion of Canada; therefore we are passing this bill.

With regard to the point made by the right hon. leader of the opposition, I do believe that the note appended to section 8 is adequate explanation of the situation. That is, when the matter came before the council of external affairs we settled the general terms of the bill. Section 8 makes it clear that inasmuch as the Army and Air Force Acts are dependent for their force and effect upon the Army and Air Force Annual Act passed annually by the parliament of the United Kingdom and are no longer, in themselves, subsequent to the passing of the statute of Westminster, applicable to Canada, we felt that we should take some steps in statutory form by appropriate legislation to deal with the position. We already had dealt with the military side of it in our Militia Act; we have already dealt with the air side of it in our Air Force Act, and we have dealt with it in a limited way under our Naval Act. Inasmuch as it has to be prefectly clear that there shall be no confusion of authority section 8 states:

> So far as regards any naval force and the members of any such force, the provisions of this act shall be deemed to be in addition to and not in derogation of such of the provisions of any act of the parliament of the United Kingdom or of the parliament of any other part of the commonwealth as are for the time being applicable to that force and the members thereof.

Because there may be—and I believe it is contended there are—some provisions in United Kingdom legislation that are still of empire scope with respect to naval matters. That is the position, as I understand it.

I shall not ask to have the bill taken out of committee until I can ascertain definitely whether or not all of the countries affected have passed legislation, and whether or not my information in this connection is exactly correct, because I wish to make perfectly clear the position of Canada with respect to this legislation. In 1926 we made it abundantly clear that we would be responsible for legislation of this character; in 1929 a committee met for the purpose of determining what statutory enactments would be necessary to give effect to the principle. In 1930 the legislation was agreed upon, in form, there being two or three sections left open until after, in this country, we had a conference of the premiers of the provinces in order that they might agree to certain sections of the statute of Westminster. Inasmuch as there would then be, after the passing of the statute and the expiration of the Army Act of that year, no authority dealing with this matter, it becomes essential that we should pass the necessary legislation. I do not know whether or not properly speaking it should not have been passed last year, but in conference with the officials of the department it was made clear that in keeping with our obligations and our position with respect to visiting forces which might, with our consent come to this country, or with respect to the union of forces from another part of the commonwealth with our own, there should be uniformity, and that the legislation should be enacted. That is the reason for it being before the house.

Mr. MACKENZIE KING: I am pleased to know the Prime Minister says that he will allow the bill to remain in committee. In that connection may I point out to him that I believe his remarks left the impression with hon. members—certainly they did with me—that he is of the opinion that before any of the forces of Canada, whether they be militia, air or naval, can be placed at the disposition of another part of the empire or on service abroad, parliament must be summoned in the first instance and give its consent. The right hon. gentleman nods his head in approval. I believe he will find that such is not the case. I remember that at the time of the Chanak incident in the near east in 1922, we were asked if we would place at the disposition of His Majesty certain Canadian forces. The reply given at that time was that we believed public opinion in Canada would demand, in the first instance, the summoning of parliament, and the authorization by parliament of any forces to be sent abroad

I do not think there is any statute which places that obligation upon parliament. I believe under the Militia Act and also under the Naval Act the governor in council has power in time of emergency to place the forces of Canada at the disposal of His Majesty in different parts of the world. But if parliament is not in session at the time, it will have to be summoned within so many days.

Mr. CAHAN: Is that for overseas service?

Mr. MACKENZIE KING: If it is regarded as an emergency, which may affect this dominion it may be in any way. That is the law as it stands. I submit that under the wording of this act, in the light of that circumstance, the governor in council could take the military, naval or air forces and place them at the disposal of His Majesty in parts of the British Empire or in other parts of the world, at the instance of the governor in council himself, and not at the instance of parliament. I think it most important that it should be understood that the forces of this country are not to be placed, at all events, by virtue of anything in this act, at the disposal of His Majesty without parliament being summoned and so authorizing in the first instance, or in other words that it should be made quite clear that this act is intended primarily to further efficiency and cooperation through training in times of peace.

Mr. McGIBBON: How could they do that unless parliament was summoned to vote the money?

Mr. MACKENZIE KING: They could do it as they have done a multitude of things; the government could go ahead and meet the necessary expenses by issuing governor general's warrants, or on its own credit and ask parliament to ratify its action later on. I should like to read to my hon. friend the section of the Militia Act, which is chapter 132 of the revised statutes of 1927. Section 64 reads:

> The governor in council may place the militia, or any part thereof, on active service anywhere in Canada, and also beyond Canada, for the defence thereof, at any time when it appears advisable so to do by reason of emergency.

Then section 66 states:

> Whenever the governor in council places the militia, or any part thereof, on active service, if parliament is then separated by such adjournment or prorogation as will not expire within ten days, a proclamation shall be issued for the meeting of parliament within fifteen days, and parliament shall accordingly meet and sit upon the day appointed by such proclamation, and shall continue to sit and act in like manner as if it had stood adjourned or prorogued to the same day.

Sections 19 and 21 of chapter 139 of the revised statutes of 1927 respecting the naval service of Canada are similar, and I submit that under the provisions of these statutes it would be entirely possible for the governor in council to place the different forces of Canada at the disposition of His Majesty in other parts of the world without having parliament in session and without the authority of parliament for so doing. In addition I submit that it would be within the power of the Minister of National Defence himself under the provisions of the bill now before us to transfer those forces to a single command, all this before parliament had any say in the matter at all. I believe that phase of the matter should be looked into very carefully before we proceed finally with the bill.

Mr. BENNETT: I was about to read sections 64 and 66 of the Militia Act, but I think the right hon. gentleman will observe two things. First, there is a limitation placed upon the power of the governor in council. If forces are sent beyond Canada it must be for the defence of Canada.

Mr. RALSTON: It always has been so.

Mr. BENNETT: That is the first point. Then it is provided that parliament must be called to meet within fifteen days in any event. That being so I submit that my original statement that there could be no dispatch of troops from this country without the consent of parliament is strictly true, for it would be impossible to mobilize and send any body of troops from this country in fifteen days. That at least has been the constitutional position that always has been taken in this country, that even for the defence of Canada there can be no such thing in practice as troops leaving the country without parliament having given its consent. The hon. member for Muskoka-Ontario has raised the point upon which I think the argument always has been founded, that since parliament must meet within fifteen days and since there can be no warrants issued after parliament meets in order to vote the money, it therefore follows that parliament must give its pronouncement yea or nay upon the matter by providing or refusing to provide the necessary money.

I believe this meets the difficulty raised by the right hon. gentleman. There has been no change in these statutes for a matter of thirty-five or forty years. We always have predicated the movement of armed forces out of

Canada upon the assumption that it was necessary for the defence of Canada. Then, the governor in council having taken the requisite action as an executive act, since the obligation is to call parliament within fifteen days before any expenditure is made and before the troops in fact are dispatched, it follows in the very nature of things that if parliament met and declined to vote the money an expedition would be abortive and could not function. That is the law as I understand it; I believe that has always been the law in this country since we have had to consider these questions. Let me repeat that no troops can leave this country to engage in military operations without the consent of this parliament. I believe that is a correct statement of the position in view of sections 64 and 66 of the Militia Act.

Now let us turn to the Naval Service Act. The real reason for section 80 appearing in the terms in which it does appear will be found in section 46 of the Naval Service Act, which reads:

> The Naval Discipline (Dominion Naval Forces) Act, 1911, enacted by the parliament of the United Kingdom of Great Britain and Ireland shall apply to the naval forces raised by the Dominion of Canada and the ships provided for such naval forces, subject to the modifications, adaptations and exceptions set out in the last preceding section.

The preceding section has to do with the Naval Discipline Act of 1866 and all the amendments thereto, because in 1918 this parliament thought it desirable to adopt in that way the provisions of the statute passed by the United Kingdom in order to secure, as other dominions had secured, a measure of uniformity in the administration of the naval forces. As the right hon. gentleman has remarked, the Air Force Act deals with a new arm of the service, about which all our legislation is more or less experimental.

Is this not a fair way to put it: There has been no change in the substantive law of this country with respect to armed forces, naval or military, for many years. Even the great war did not bring about a change. Our naval act is a relatively new act, which was passed some fourteen or fifteen years ago, and that statute involved a great deal of labour because it had to do with conditions which were entirely different, since the movement of ships at sea is entirely different from the movement of forces on land. I understand that section 80 was passed because of the fact that under the statute we passed, adopting in terms the British statute, there is a residuum of authority resting in the central power. Mark you, it covers not the home forces of Great Britain but the naval forces of the dominions; that is section 46.

That is my understanding of the situation as it now exists. Perhaps the right hon. gentleman has had occasion during his legislative experience to deal with the Dominion Naval Forces Act of 1911, which I think came into force during the first eight months of that year. It was passed at Westminster, I believe following the Imperial conference of that year, as being a statute that embodied an agreement at which all the prime ministers were able to arrive, not to interefere with the autonomy of each of the dominions but to preserve uniformity of administration in connection with the naval forces of the dominions, if it was thought desirable by the people of the dominion affected to utilize their forces for a common purpose. As this section stands it merely provides that by subsection 4, to which attention has been directed, we shall treat one from abroad within the commonwealth as though he were a Canadian, and the statutes of the other dominions treat a Canadian as though he were a New Zealander or Australian for the purposes of common command if there be such. I do not think it possible to say that any troops could be moved out of this country under any circumstances unless parliament gave its assent; firstly, because fifteen days is a period of time which would certainly elapse before mobilization and movement could be completed; and secondly, no government would move forces out of this country if on calling parliament such action were negatived by non-provision of the moneys necessary to pay for the expedition. Therefore the first statement I made is I think a statement that has been made in this house frequently and generally accepted as true, that there could be no movement of forces out of Canada for the defence of Canada unless this parliament had approved.

Mr. MACKENZIE KING: May I just make doubly clear the position I take in the matter. I assume that this act has really been drafted by the British government and not by our own government.

Mr. BENNETT: No; I would not say it has been drafted either by the British government or by our own. I think it is fair to say that it was drafted by a committee of all the dominions. The hon. member who sits behind the leader of the opposition, my hon. friend from Shelburne-Yarmouth, was himself present in England in 1929 and must know something of the circumstances in connection with the discussion of this particular aspect of the matter. In 1930 when I came in I found it regarded as having been, shall I say, a fact accomplished, the only question

being as to how to give expression to the common purpose, and the legislation now before the house is legislation which has been agreed upon by the parties, subject to such variations as local conditions bring about.

Mr. MACKENZIE KING: Whoever drafted it undoubtedly had in mind two things, first of all the providing of means whereby the forces of the empire might operate together in times of peace with a view to preparing for more efficient service in time of war. That I think is the first object of the measure —that in the event of this parliament deciding in time of war to place its forces at the disposition of the empire as a whole there would be practices which would be known, and methods adopted, which would facilitate, expedite and ensure effective co-operation. Some measure of the kind here proposed is necessary in order to enable this preparation in time of peace to take place. There is another object which I think would also be in the minds of those who had the drafting of the measure, and that is the possibility of the different forces of the empire serving together in time of war, and that the second object was so to draft the enactment at the moment as would make its provisions applicable also in time of war. Both these objects may be necessary and desirable, but I am inclined to believe that in drafting the measure those who have had the matter in hand have gone a step further than has been heretofore intended by anything this parliament has sanctioned or contemplated, and certainly anything from what he has said the present Prime Minister has in mind, and have made it possible for a subsequent administration say, if they desired so to do, to have certain of the forces of Canada placed under a single command prior to the time of this parliament's meeting. If there could be added to the act a clause which would ensure that in so far as its provisions are concerned they shall in time of war be effective only after parliament itself has given its consent to such a step, I think that would be advisable and would place matters beyond any doubt.

Mr. RALSTON: May I say a word following what my leader has said. Section 6 is the section that gives me some difficulty, as perhaps it has also the Prime Minister and my leader. We have persistently and insistently contended that there should be no unity of command without consent; that is the point on which Canada and the other commonwealths have been very strong.

Mr. BENNETT: I think that is secured.

[Mr. Bennett.]

Mr. RALSTON: I was going to speak about that. When our troops went overseas unity of command was effected by putting all the forces under Field Marshal Haig, but only by consent; and later when all the allied forces were put under Marshal Foch it was the same thing. Subsection 4 of section 6 makes a slight inroad on that, and I should like to have the Prime Minister, while the matter is under deliberation after the committee rises, consider the question whether at least there should not be action by the governor in council rather than the Minister of National Defence. I am the last one to derogate from the responsibilities, the functions and the dignities of that high office, but at the same time this is the disposition of troops by His Majesty's representative, who is commander in chief of the forces, and therefore it seems to me to be an act solemn and serious enough to have the approval or the consideration of His Majesty's privy council. It is all very well to have visiting forces here, each one under its own command.

Mr. BENNETT: That always has been so.

Mr. RALSTON: Yes, and to invest those in charge of visiting forces with sufficient authority to carry out commands and enforce discipline. But when you combine forces you do something that has not been done before, and it should not be simply an order of the Minister of National Defence, because immediately you have done that you may have altered completely the ranks of the officers in the forces. The provision is that, automatically, there is unity of command the moment the minister gives his consent to the combination. Unity of command is effected under the officer of senior rank, whoever it may be, and further than that I notice that subsection 5 provides that the relative ranks of members of the home force and of other forces shall be such as may be prescribed by regulations made by His Majesty. It does not say whether His Majesty is to be advised by the government of Canada or by the government of the United Kingdom and I do not know what the Prime Minister has in mind. It would seem to me as if it were intended to be His Majesty in the right of the United Kingdom. I think we should have some say in deciding on the relative seniority of ranks of officers who make up the combined force.

Mr. BENNETT: In view of what has been said I shall discuss the section more fully with the legal officer of the Department of External Affairs and the chief of the general staff. It may be possible that the construction placed

upon the section is as wide as the hon. gentleman opposite suggests, but that was not my understanding of it when I came to the house with it. I shall therefore ask to have the section stand until I have had an opportunity of discussing it and reporting to the house exactly what the views of the legal adviser of the department and of the chief of the general staff may be.

Section stands.

On section 7—Application of act to mandated territories, colonies and other territories.

Mr. MACKENZIE KING: As regards this section, it sems to me it might as well be dropped out of the Canadian act. What it really does is to authorize the governor in council to place any of the forces of Canada in other parts of the British Empire for the purpose of joining in service with forces in other parts of the empire in respect of mandated territories and in respect of the defence of colonies, or to services in some other force to be rendered to colonies. Unless we are going to take upon ourselves the obligation of agreeing to let our forces be placed generally at the disposal of other parts of the empire, I think that clause might well be dropped. I notice in the explanatory note it says that it is probable the provisions of this section will rarely be evoked and that it will be necessary to make a special order in council on each occasion. I really do not see why the section should be there at all. It is going to place by inference a new obligation on this country with respect to cooperating with other parts of the British Empire in their special defence relations to colonies and mandated territories.

Mr. BENNETT: I think the right hon. gentleman has an entirely erroneous view as to section 7. What is intended is that in the rare case of the forces of any colony or mandated territory desiring to visit here, with our consent, this shall apply; because there is a limitation to commonwealth forces, namely forces of the British commonwealth of nations, and unless this provision were here it could not be applied to either mandated territories or colonies. The statute is extended by section 7 to meet that situation. When I first saw the statute I am free to say that my view was not very different from that of the right hon. gentleman himself. But it will be observed that—

> This act shall, subject to such exceptions, adaptations and modifications as the governor in council may direct, apply—

The note indicates that it is thought the provisions of the section will rarely be evoked; yet it is desirable to make provision for such a case in the statute. Certainly it does not contemplate a force being placed at the disposal of any central authority for use in mandated territories or colonies; that is clear. Such a power could not be derived by implication, and I think on mature consideration the right hon. gentleman will agree that it is desirable to provide in the one statute at the one time for contingencies that may arise with respect to these other territories that form part of the British Empire, namely the dominions, that constitute the commonwealth, as well as (a) the colonies and (b) the mandated territories under the League of Nations, for which responsibility rests with us as a signatory to the league, as well as others.

Mr. MACKENZIE KING: To an interpretation such as the Prime Minister places on this section I would take no exception, and will be quite satisfied if that is the correct interpretation. As I read the section, piecing it together with other sections, it seemed to me that it gave to the governor in council at any time power to deal with the forces of Canada as a whole for service generally in connection with mandated territories and colonies.

Mr. BENNETT: That is not my understanding. If it were I should not ask the house to pass it.

Section agreed to.

Mr. BENNETT: Perhaps section 8 had better stand with section 6, in view of the observation made by the right hon. gentleman.

Progress reported.

BUSINESS OF THE HOUSE

DECISION TO DEFER CONSIDERATION OF BILLS ON ORDER PAPER

Right Hon. R. B. BENNETT (Prime Minister): I understand that the opposition thought it desirable not to proceed to-day with order number 18, Canadian National-Canadian Pacific Railway bill. In view of the events of the last few hours I think it is undesirable to proceed at the moment with order number 17, the Relief Act. It may be that we may think it desirable to offer to the house a further section to the resolution.

If it is agreeable we will proceed now with order number 18, and if hon. gentlemen opposite desire to adjourn the debate until to-morrow it will be quite satisfactory.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I would not take exception to what the Prime Minister suggests were it not that I asked specifically at the

close of Friday evening of my hon. friend the Minister of Justice (Mr. Guthrie), who was leading the house at the time, as to whether it was understood that the railway measure would not be proceeded with to-day, and I got the direct assurance that it would not. I have intimated that decision to some hon. members on this side of the house who expressed to me their desire to be here when the second reading of the railway bill was being proceeded with and I feel that I would not be protecting their wishes if I did not ask my right hon. friend in the circumstances to allow that undertaking to stand.

Mr. BENNETT: I trust the right hon. gentleman understands that since Friday many events have transpired that make it desirable at least to reconsider many things from a different angle than heretofore. It was for that reason I concluded not to go on with number 17, lest it be thought desirable, as I said, to add another section to the resolution, which might enable the discussion to take place on both amendments, the one now before the house and another, and dispose of them promptly. But I quite appreciate the right hon. gentleman's position with respect to number 18 and we will not proceed with it.

Mr. MACKENZIE KING: And I respect my right hon. friend's position with regard to number 17. I think he is quite right in not proceeding with the relief resolution this afternoon; I share his views on that entirely.

Mr. BENNETT: I am glad to see that we agree upon something.

Then we will go into supply. We might take a League of Nations item in External Affairs.

SUPPLY—NEW WESTMINSTER ELEVATOR

Right Hon. R. B. BENNETT (Prime Minister) moved that the house go into committee of supply.

Mr. THOMAS REID (New Westminster): Mr. Speaker, before you leave the chair I have a very important matter to bring to the attention of the government and one which I think ought to be discussed. It relates to the New Westminster elevator. I have hesitated to bring this matter before the house in order to see if this undertaking which was commenced in 1928 would operate successfully. But there are certain serious matters concerning it which I think should now be brought to the notice of the government.

The history of the elevator is briefly this. After years of endeavour it was decided to construct an elevator on the Fraser river. I might say that we in the lower Fraser valley and in the vicinity of New Westminster look upon the Fraser as the greatest river in the whole of Canada, if not on the American continent. After years of endeavour the government of the day was persuaded to assist in the construction of an elevator on the Fraser river in the vicinity of New Westminster. About that time a company was formed called the Fraser River Elevator Company. This company was formed with a view to getting control if possible of this elevator or ownership of it after it was constructed. The company consisted chiefly of one man by the name of Samuel McClay. He conceived the idea of forming a company so as to have control of this elevator. According to the return furnished to me by the provincial government last September the company consisted of this Mr. McClay and a Walter A. Wilson, chartered accountant, both of 207 Hastings street west, Vancouver. It was capitalized at $25,000. I am in some doubt whether any money was actually subscribed outside of the money for legal fees and incorporation expense.

The nominal capital of the company was later increased to $1,000,000, and in these days, when watered stock is under criticism, I would ask the house to take note of the fact—

Mr. BENNETT: It might be well to remember that this is a provincial, not a dominion company.

Mr. REID: Yes, it is a provincial company. The information given to me from the provincial government at Victoria is to the effect that the company was originally capitalized at $25,000 divided into 250 shares of $100 each. These shares were subsequently subdivided into 25,000 shares of $1 each and the capital increased to $1,000,000 divided into shares of $1 each. The present shareholders of the company are John Coughlan, who goes under the name of a shipowner, 160,000 shares; Charles Coughlan, of Connaught drive, 160,000 shares; Samuel McClay, now chairman of the Vancouver harbour commission, 300,000 shares, and two others, Mr. Sugarman and Mr. MacInnes, 100 shares each. That was the report given to me by Mr. Garrett, registrar of companies, Victoria, in September, 1932, and as the Prime Minister has pointed out, this is a provincial company. This Mr. McClay, who is now chairman of the harbour commission, is the man who is said to have been appointed to that commission to look after the personal interests of the Minister of Trade and Commerce.

Mr. STEVENS: I cannot allow any such observation as that to pass unchallenged; there is not a word of truth in it.

Mr. REID: The hon. member will have to take my word that Mr. Samuel McClay made this statement to me in 1931, in the Chateau Laurier in this city, and I consider my word is as good as that of the Minister of Trade and Commerce.

Mr. STEVENS: I simply state on a question of privilege that there is no truth in the allegation made by the hon. gentleman that Mr. McClay was appointed to any harbour commission to look after my personal interests. The statement is without any foundation in fact and is absurd.

Mr. REID: I am glad to hear that, because Mr. McClay made that statement and he made some others to me just as serious, but this one has some bearing on the case I am endeavouring to present to the government. I can say without fear of contradiction that that statement was given to me in 1931 by Mr. Sam McClay in the city of Ottawa.

After it was decided to go ahead with this elevator and after an estimate of some $600,000 had been given by Messrs. C. D. Howe and Company, who were the engineers and who were asked to submit plans, tenders were called for the construction of the elevator and a contract was let to the Stuart Cameron Company of Vancouver, whose tender of $460,279 was the lowest.

Mr. STEVENS: What date?

Mr. REID: The contract was let on February 20, 1928, after approval had been received from the Department of Marine. Actual construction was commenced a few days later, but the unusual freshet that occurred in the Fraser river early in May of that year interrupted the work on the foundation and caused a delay of some two months. Before the work had proceeded very far, it was decided to make a change in the construction of at least part of the elevator. I should here like to make a slight criticism in regard to the fact that the change involved an expenditure of some $90,000. It would be interesting to know just how that sum of $90,000 was arrived at, because no credit at all was given for the woodwork for that portion as specified in the contract of $460,000 and I have grave criticism to offer regarding this $90,000 extra having been paid to this company who were constructing the elevator for this change in the plan.

Mr. BENNETT: When was the work completed?

Mr. REID: It was completed some time in 1929. The engineer's final certificate was issued in April of that year. Other changes made in the original contract to the Stuart Cameron Company were certain additional equipment required by the proposed lessee, changing the piling in dock and revetment from fir to cedar, besides sundry other extras. The contract price of February 20, 1928, was $460,279. An agreement of May 11, 1928, provided for a change from wood to concrete at an additional $90,000, and as I say, no credit whatever was given for that change over and I maintain the $90,000 was an overcharge. There was additional equipment amounting to $11,467.91, and sundry extras, including changing piling in dock from fir to cedar, amounting to $4,635.25.

Owing to the delay occasioned by the freshet and also by a carpenters' strike in the fall of 1928, construction was not completed until April, 1929, when the engineer's final certificate was issued.

In May, 1929, some subsidence in the fill-back of the revetment wall took place, and early in July a portion of the revetment collapsed, while the storage building showed some slight movement towards the river. On the advice of the engineers, work was immediately commenced to strengthen the storage and to repair the damage to the revetment, this work being completed in the fall of 1929 at an extra cost of some $23,000.

Messrs. C. D. Howe and Company, the engineers who had charge of the matter, then reported that the elevator was perfectly safe and could be filled up with grain, but the proposed lessees, who were known as the Fraser River Elevator Company, but who were in reality Mr. Sam McClay and Mr. Coughlan of the city of Vancouver, raised some objection and said that the elevator was unsafe and that they could not take over the lease. They said that they were afraid to put grain into the elevator, although the engineers, Messrs. C. D. Howe and Company, had given a certificate to the effect that the elevator was quite safe and would stand any strain or load in the way of grain. Messrs. McClay and Coughlan from then on raised great objections to taking over this elevator; they placed all kinds of difficulties in the way, stating that they were prepared to take a lease of it, but that they certainly could not do so as in their opinion it was unsafe. They prevailed upon the government to have three engineers appointed to look into the matter,

and the latter suggested further improvements which were carried out at a cost of $40,000. Plans, specifications and estimates of cost of this work were prepared and were forwarded to the Department of Marine on November 12, 1930, the estimated cost being $40,345.08, including engineering fees. The commissioners had to wait some little time for authority to proceed with the work, pending arrangements being made in connection with finances.

As I have already stated, when the elevator was finished, the company started to find fault with the structure declaring it to be unsafe and accordingly they refused to sign the lease. I believe that the object of the so-called company, consisting of two men, was to obtain at a reduced figure control or ownership of this elevator, which had cost this country in the neighbourhood of one million dollars, including of course all the improvement work done around it. At the outset they had agreed that when the elevator was constructed they would lease it for a period of twenty years at an estimated cost of $700,000. The $700,000 was to include elevator, trackage, wharf, and all pertaining to the elevator. It would have been quite a fine scheme for the company if they had obtained such a lease—and remember they had not put up a cent. Here was the country going to build an elevator and at the end of twenty years the company was going to be the complete owner of it. It would be very nice if any one of us could go to the government and ask them to build a house for us at the country's expense, and we rent it for twenty years and then become the absolute owner. That is just on a par with the scheme of this shadow company for obtaining this elevator. I believe, and I say this in all sincerity, that the object of that company was to so damn the structure that they would obtain possession of the elevator at their own figure, and both Mr. McClay and Mr. Coughlan told me when I met them at the elevator last year that they expected to obtain possession of the elevator over a lease of twenty years for some $500,000. They were going to get it at a reduced figure because they claimed they were entitled to compensation on account of delay in the completion of the elevator, which they claim resulted in a business loss to them and which they maintained the government should pay for. I cannot say definitely at the moment just what amount they claimed from the government or the harbour board as a business loss by reason of the elevator not being completed at the stipulated date. But I know it was some thousands of dollars.

An agreement was then drawn up with the harbour board by which the company was given possession of the elevator to run it as a kind of storage elevator. They paid nothing for it. The taxes and the expenses of the elevator were borne by the harbour board, which had received loans from the government. This so-called company, The Fraser River Elevator Company, put up no money, but they obtained possession of the elevator. In the agreement which was drawn up it was stated that the company, on request of the harbour board, would move out on notice and give them quiet possession of the elevator. Notice was sent to the company by the harbour board quite a number of times to move out, but the company paid no attention to the notice; they simply sat there. I think it should be noted that this company, after they had obtained possession of the elevator, defied legal authority to oust them from it. It is true that the company were making some so-called claim from the government for not being able to obtain possession of the elevator at the time stipulated, in consequence of which they stated they had suffered a business loss which they themselves estimated at some thousands of dollars. But they should never have been given the right of entry into the elevator without putting up some money. There has been nothing but grief since they got in there.

The company I believe made a little money from the operations of the elevator. At various times considerable quantities of corn were brought into the elevator, which the company was operating without paying anything at all to the harbour board by way of lease.

Coming to 1932, the company was notified by the harbour board on several occasions to vacate the elevator. This it refused to do. It paid no attention to the request at all. After the harbour board had brought all the pressure it could to bear upon the company, the board decided to call for tenders for the lease of the elevator to be run as an elevator for grain. Two or three firms tendered, in particular the Fraser River Elevator Company, and the Searle Grain Company. The latter company has some 364 elevators, I believe, in this country and is in the grain business in a large way. Although it was stated by one of our local papers that I seemed to be more in favour of leasing the elevator to Yankee interests than Canadian, I would draw your attention, Mr. Speaker, to the fact that the harbour board itself recommended that the lease be given to the Searle Grain Company, a very reliable grain company, which, as I said, operates some 364 elevators in this country. But the tender of the Searle Grain Company was turned down by the Department of Marine and the harbour

board were notified to give the lease to the Fraser River Elevator Company.

To go back for a moment to the steps that were taken in 1932 to make this so-called company vacate the elevator before lease tenders were called for, the harbour board was pressing this so-called company fairly hard but the Department of Marine sent word by telegram not to press the company any further, and not to put them out, as all the matters in connection with the leasing of the elevator had not been finally settled. I make this criticism regarding the attitude of the Department of Marine, that they did not allow the harbour board forcibly to eject the company from possession of the elevator, of which it had been in possession since 1929 and without any cost to them. The company had been operating the elevator at a profit to themselves since taking it over.

Coming again to the leasing of the elevator, tenders were called for in 1932, and tenders were received from the Fraser River Elevator Company and the Searle Grain Company. The Fraser River Elevator Company offered $20,000, plus one-quarter of a cent a bushel up to six million bushels. If six million bushels had been put through the elevator in a year, that would have amounted to $35,000 a year. The Searle Grain Company offered $33,000 a year cash payable half-yearly.

The harbour board recommended to the Department of Marine that the lease be given to the Searle Grain Company for $33,000 cash, but the department wired the harbour board to give the lease to the Fraser River Elevator Company. I understand that that wire was sent by the hon. Minister of Marine, although the information was given to me that Mr. Ramsay, the head of the grain board, also recommended that the Searle Grain Company were the legitimate ones to get the elevator because they were a reliable company and really in the grain business, and not simply ostensibly in it like the Fraser River Elevator Company, which while operating a grain business was not really in the business, and had no grain connections. It is an actual fact that the New Westminster harbour commissioners had recommended to the government that the lease be given to the Searle Grain Company.

But that is not all; and it would not have been too bad. But the agreement drawn up by the harbour commissioners with the Fraser River Elevator Company provided that the lease was to run for some three years, and that the company was to put up $10,000 cash and $10,000 in bonds, and pay one-quarter of a cent a bushel up to six million bushels. The company were very eager to get complete charge of the elevator. But up to the present time the information that I have both from the harbour board and others connected with the matter is that this company has not yet put up one cent, although the lease was granted in October last, and although the company has put over one million bushels of grain through the elevator.

Mr. Speaker, I believe urgent steps should be taken in connection with this matter regarding an elevator which has cost the people of Canada nearly a million dollars. It would seem that ever since completion it has been practically controlled and owned by the Fraser River Elevator Company, without them contributing five cents towards it. After a lease being signed in October of last year, despite the fact that about a million bushels of wheat have been run through the elevator, no money is yet forthcoming. My contention is that the government should take steps to see that this firm remain no longer in control, even though they have to be forced out in whatever manner the government deem desirable. In any event the firm I have mentioned should not be allowed to continue operation of the elevator. They have promised to put up money, and the lease calls for it. Having taken possession I do not know whether or not the government will be able to put them out. I know the harbour board would have liked to put them out last year, but were told not to molest them. They are sick and tired of this company.

I bring to the attention of the government the seriousness of allowing a firm such as I have described to have charge of an elevator costing close to a million dollars, and in allowing them possession of that elevator. In my view they should not have been allowed possession. Further, the chairman of the Vancouver harbour board should not be allowed to have anything to do with the operation of an elevator on the Fraser river. I make that complaint in all seriousness. No one connected with the harbour board of another port should have private interests in a grain elevator owned by this country.

I make a serious complaint against the company, and ask the government to investigate and to take immediate steps to dispossess the company of an elevator which, as I have stated before, belongs to the people of Canada. The company has put up no money—and I doubt if it has any—not one cent has been contributed by way of rental, even though it made money when it used the elevator for storage purposes, and are now making money.

I have merely touched the high spots of all the circumstances. I have information upon which I could easily lay my hands concerning the whole transaction about which I have not spoken. I have not gone into minute details although the circumstances might warrant further discussion. However I believe it would be well if a commission or a commissioner were appointed to look into the whole matter. The government should also investigate the fees paid to engineers. Mr. Howe was engaged as engineer to draw plans and look after the construction of the elevator, and yet we find that over $30,000 was paid to another engineer. In addition to that large sums have been paid to Mr. Howe for his work. I am informed that the $30,000 in engineering fees went to a man named Major Swan. In my view the whole cost of the elevator should be placed under scrutiny. My main complaint however at the present time principally concerns the firm now in possession, the people who are running the elevator and making profit, but who are not actually in the grain business. Mr. McClay is the one chiefly interested in the business, but he is also chairman of the harbour board of Vancouver, and Mr. Coughlan is one of the chief directors. Two other gentlemen have nominal holdings of one hundred shares each, valued at one dollar a share. This is on the information supplied me from Victoria as to who actually comprise that company. In my opinion the company should be put out of operation, because they are not really interested in the grain business. Either the harbour commission, the government or some responsible grain company should take over the elevator and run it so that the dominion and the country would receive some return for its outlay in the building of the elevator.

I have made my statement in all seriousness, with the desire of having this, the first elevator on the Fraser river, put into successful operation, as I expect to see many more on the Fraser river. It will not operate successfully as long as it is handled by the Fraser River Elevator Company. They have given it a black eye and have brought condemnation on it in every shape and form with a view, as I have said, eventually to obtaining ownership of it at some $200,000 less than its original cost, and without having to put up one dollar.

Hon. H. H. STEVENS (Minister of Trade and Commerce): Mr. Speaker, the hon. member (Mr. Reid) has given to the house a most interesting story, but I fear the manner in which he has spoken has left in the minds of hon. members an entirely erroneous impression. The view the hon. member has sought to leave with the house is that the government had entered into a lease of certain government property, namely an elevator, in a most improvident manner, with a company which really had no responsibility. From certain interruptions which I made it will be clear to the house that the origin of the alleged difficulty was before the present government took office.

The facts are comparatively simple. Prior to 1928 very strong pressure was brought to bear upon the then government to construct an elevator on the Fraser river at New Westminster. Those representations culminated in a contract for the construction of such an elevator. Before actual construction was undertaken I understand negotiations were carried on between the company which proposed to construct the elevator and a department of the government. Of that, however, I have no personal knowledge, and therefore cannot give any accurate information. In any case the negotiations culminated in a lease being granted to the company by the preceding government.

A word now, in regard to the construction of the elevator. I believe the superstructure, as a whole, was well done. But a question was raised by Mr. McClay in 1928, who was a member of the lessee company, concerning the adequacy of the foundations. I believe he is on record as complaining that the provision made by the engineers at the time of construction in 1928 was not sufficient, because in his opinion the erosion caused by the flow of the Fraser river would probably result in the loaded elevator slipping. This is what actually occurred: When the elevator was finally constructed and possession was taken by the lessees, the insurance companies refused to place any insurance upon grain stored in the elevator. The result was that the lessees could not use the elevator. The point raised by the engineers of the insurance company was that if a load were put into the elevator it would probably slide into the river, resulting in a complete loss. As I have said, the lessees could get no insurance upon grain placed in the elevator; consequently, while in the first year they did pay certain rentals, they were deprived of the opportunity of doing business, and their guarantees and banking arrangements were to them only a dead loss.

When the present government took office we took action. We appointed a committee of engineers to examine the point raised regarding foundations, and my recollection is that that committee, composed of reputable

and experienced engineers of the government, reported that certain work costing approximately $300,000 would have to be done in order to make the structure suitable for occupation as an elevator. Of course it must be borne in mind by all hon. members that an elevator must carry a tremendous weight when it is loaded with grain. I think this elevator has a capacity of something like one million bushels, though of that I am not sure. In any case, the weight would be terrific, and this committee of engineers decided that work to cost about $300,000 would have to be done before the elevator was safe for occupancy. So steps were taken—I confess frankly very reluctantly by the government of the day—to spend this $300,000; it was felt that here was a structure costing half a million dollars or more which was useless unless this subsequent work was done. So this government authorized the harbour commissioners to have the work done, the government advancing the money, and the work was done and the elevator declared suitable for occupancy as a grain elevator.

Then there was a dispute between the lessees and the new government as to what damage they were entitled to, if any, and as to what amended terms should be offered for the occupancy of the elevator. That dispute continued for some time. The Fraser River Elevator Company made certain claims for damages; they claimed that allowances should be made for losses for lack of occupancy and for money expended during the period of dispute. Then, if I remember correctly, the harbour commissioners of New Westminster were waited upon by another company, called the Searle Grain Company, who made offers for the elevator. This, of course, was subsequent to the elevator being repaired and made suitable for occupancy. The lessees, the Fraser River company, who had possession in name only and who had been unable to do business because of the difficulty with regard to construction, naturally protested the loss of the property and the handing it over to another company. There was a hiatus, a period of time when there was more or less a dispute. The final settlement with the Fraser River Company—I am speaking now with a little hesitancy as I have not the documents before me, but I think I am correct—was that the company agreed to waive their claim for damages provided they were given free and safe occupancy of the building, and to pay a rental of $20,000 a year as indicated by my hon. friend and a quarter of a cent per bushel for the grain which passed through the elevator. I believe they represented that they expected to move from four million to six million bushels yearly through the elevator. The other company offered $35,000, my hon. friend says.

Mr. REID: $33,000.

Mr. STEVENS: My recollection is that they offered $22,500 and subsequently increased the offer, but I do not think it went to $35,000.

Mr. REID: $33,000.

Mr. STEVENS: I am not in a position definitely to dispute that figure, but I know their original offer was nothing like that. True, the matter was discussed by the Department of Marine, as all these matters are, with the harbour commissioners, and that was done in this case particularly in view of the fact that in the meantime we had advanced the necessary money to correct the defects in construction. True, the Department of Marine was in touch with the situation there, necessarily and properly so. Finally, however, having in mind the several years during which the Fraser River company had not been given quiet possession and had been unable to get insurance or do business, it was decided that they were entitled to some consideration, and that consideration was given them. Briefly these are the facts and that is the story.

Now I wish to refer to several observations made by the hon. member in presenting his case. He complains very bitterly that a change was made during the period of construction and that an additional $90,000 was spent. If that is so it was spent by my hon. friends opposite; I am not complaining, but my hon. friend complains. He spoke of it several times, and seemed to insinuate that possibly there was something in the nature of a scandal behind it. I know nothing of it and have never heard of it. My hon. friend may know something that I do not know, but that was what I gathered he intimated. If so he should inquire from hon. gentlemen opposite who had control of the whole situation at that time. I want to make it abundantly clear that I am making no such insinuation myself.

In the second place the hon. gentleman calls into question Mr. Howe, the engineer. All I have to say is that Mr. Howe was retained by my predecessor in the Department of Trade and Commerce for the expert engineering on all the government elevators constructed during the period they were in office.

Mr. REID: I said Mr. Howe was the engineer in charge and that he O.K.'d the plans. I made no criticism of Mr. Howe.

Mr. STEVENS: Very good. It is rather a narrow difference when you criticize a given plan or operation O.K.'d by an individual and at the same time exculpate that individual from all blame. My hon. friend can do that if he likes; it takes a more adroit mind than mine. I have this to say, however: Mr. Howe is no particular personal friend of mine but he has been recognized by the United Grain Growers, by the pools, by the preceding government, by my predecessor in office and by almost everyone in Canada who has had anything to do with elevator construction as one of the most experienced elevator engineers in Canada. That is not my testimony; it is the testimony of all those to whom I have referred, so I think in retaining Mr. Howe the preceding government did a perfectly proper thing. I am not calling him in question at all, but my hon. friend is doing so. Mr. Howe was responsible for the plans of that elevator. He designed them and he supervised construction.

Mr. REID: He however washed his hands of the elevator later on when they interfered with him.

Mr. STEVENS: When who interfered with him?

Mr. REID: When the harbour board interfered. Here is his letter.

Mr. STEVENS: The fact is that Mr. Howe was in charge. I do not call him in question nor do I call in question the Department of Marine prior to 1930, when this elevator was built. I do say this was a very difficult piece of ground upon which to construct an elevator, and an engineering error may have been made. The fact is that no insurance company would insure the building; certain work had to be done to put it into proper shape, and this work was done. No blame in this regard lies at the door of this government, nor am I placing the blame on any other government. I am merely stating facts. My hon. friend goes on to say that Mr. Howe was paid a huge fee; those are his words, and the suggestion is that he did not earn it. I suggest that Mr. Howe is an honourable man in his profession, and is entitled to his fee.

Mr. REID: It was the other engineer to whom I referred.

Mr. STEVENS: I am just coming to that, and I am sorry my predecessor in office, the hon. member for North Bruce (Mr. Malcolm) is not in his seat. Major Swan is well known to the friends of my hon. friend, the members of the former government; he is a gentleman who frequently was retained by the government in these matters. As a matter of fact, if I am not mistaken, at the very time he was engaged on this work he was consulting engineer for the Vancouver harbour commissioners. I knew Mr. Swan before he went overseas and I have known him since his return. I know him as an honourable man, a gentleman of repute, an engineer of parts and a very strong supporter of hon. gentlemen opposite. My hon. friend says he was paid $30,000. If he received that fee I have no doubt that it was in accordance with the standards of engineers, but there again that has nothing to do with it. That was under the control of the government who preceded us. I am not calling it in question and I think my hon. friend had better discuss that with the gentleman with whom he is now associated.

My hon. friend says that the contract was let in February, 1928. He says that the elevator was completed in April, 1929, and that there was a refusal on the part of the Fraser River Elevator Company to take the lease. So there was. There was a refusal after they had taken possession and found that they could not get insurance. They could do no business in the elevator and it was perfectly proper that they should refuse under these circumstances. Then my hon. friend brings in at very considerable length the organization of the Fraser River Elevator Company and he repeatedly, time after time, stressed the fact that Mr. Sam McClay, president of the Vancouver Harbour Commissioners at the present time, was a member of that company. That company was organized—I am speaking from memory—some time in 1926 or 1927. At that time Mr. McClay was in private life and was quite entitled to engage in any line of business he wished. He had nothing to do with the then government and nothing to do with this government so far as that period of time was concerned. He was a member of that elevator company, I believe. Mr. John Coughlan, a splendid citizen, a man of about seventy-seven years of age, who has carried on business in British Columbia to my own knowledge for thirty years, is a man of repute, a man of substance, and in every sense is entitled to consideration in any business deal to which he places his hand or gives his attention. After Mr. McClay became chairman of the harbour board in Vancouver he was dissociated from this company and had nothing to do with it.

Mr. REID: He still possessed 300,000 shares.

Mr. STEVENS: That is probably the original record.

Mr. REID: That was last year.

Mr. STEVENS: So far as my information goes, Mr. McClay is not associated with the company now; he is entirely dissociated from it. That he was associated with it at one time there is no question, and had his advice been followed at the time the construction was in process, when the lease negotiations were being carried on with the then government, the country would have been saved the $300,000 which subsequently was required to do the very thing the hon. gentleman suggests should have been done. But Mr. McClay is not associated with the company now, I repeat.

My hon. friend says that in 1932 this company refused to vacate. That is one way of putting it. I submit this, however, to hon. members who have the slightest inclination to fairness: Here is a company that had been given assurance several years before of the quiet occupation of a piece of government property for which they were to pay $30,000 a year, and on which they had paid a year's rental, and when they came into possession they found that they were unable to operate for the reasons I have mentioned, reasons obviously not due to actions on their part.

Mr. REID: There is no record of a year's rental. They put up $30,000 in bonds which they lifted later on.

Mr. STEVENS: I know that they put up $30,000 in any case, but they had no quiet possession, they were unable to operate, and they could not get insurance. It was in view of these facts that subsequently, when it came to the 1932 period, consideration was given them. I may say to my hon. friend that if that company under its present lease, which is a legal document—and I have no doubt that Mr. Coughlan is held responsible for that; if he is not he should have been—if the company, I say, are violating the terms of that lease, if they are falling down in their part of the agreement, then I have no hesitation in saying that the harbour commissioners certainly should enforce the lease. That is my position and it is as clear as day. They must observe the terms of the lease. I do say, however, that in my opinion the harbour board and the Marine department were not only within their rights but did the fair thing when they permitted the continuance of that lease in the light of the experience which the company had had prior to the rectification of the faulty construction.

My hon. friend in his concluding remarks said that Mr. McClay, who is president of the Vancouver Board of Harbour Commissioners, ought not to have anything to do with the company. With that I entirely agree, and my information is that he has nothing to do with it. I trust that assurance will calm the perturbation of mind of my hon. friend—

Mr. REID: He still takes a supervised interest in it—his son is running it.

Mr. STEVENS: My information is entirely to the contrary.

Mr. REID: I have, however, seen him there; I saw him before I came to Ottawa.

Mr. STEVENS: That is all I wish to say at the moment, Mr. Speaker. I have not before me the documents and details but the house may, if it wishes to do so, examine the records which will bear out the outline of the situation as I have given it.

Motion agreed to and the house went into committee of supply, Mr. Perley (Qu'Appelle) in the chair.

EXTERNAL AFFAIRS

Publications of League of Nations for distribution to members of parliament and a grant to the League of Nations Society in Canada, $3,000.

Right Hon. R. B. BENNETT (Prime Minister): I am calling this item in the Department of External Affairs to have the department in committee. The item is non-contentious.

Item agreed to.

NATIONAL HEALTH

The administration of the acts respecting food and drugs, opium and narcotic drugs and proprietary or patent medicines, including the laboratory of hygiene, $140,000.

Mr. SPENCER: What is the reason for the reduction in this case?

Hon. MURRAY MacLAREN (Minister of Pensions and National Health): The reduction is $5,000 out of a sum of $140,000. It is almost immaterial. It is accounted for by the endeavour to administer as carefully as possible under present circumstances.

Mr. MACKENZIE KING: It does not represent much of an endeavour.

Mr. MacLAREN: No, it is comparatively immaterial.

Mr. McGIBBON: Perhaps the minister can give some explanation of the activities of this branch.

Mr. MacLAREN: This appropriation is for providing laboratory and inspection service dealing with adulteration and misbranding of human food and of drugs employed for the treatment or prevention of disease in man or animals; the control of export, import and sale of all habit forming drugs; investigations and prosecutions in connection with traffic in narcotics, and payment of lawyers' fees in connection with the various prosecutions; and the protection of the public by seeing that all proprietary or patent medicines sold are of some value and not dangerous, and that false or exaggerated claims are not made either on the label or in the advertising.

Mr. RALSTON: Does the minister carry out the provisions of the act by the aid of the mounted police, or has he special officers?

Mr. MacLAREN: The department keeps in close association with the mounted police in reference to the detection and prosecution of cases arising under the narcotics act.

Mr. RALSTON: Those are the only officers the minister has to enforce the act?

Mr. MacLAREN: As far as narcotics are concerned we cooperate with the mounted police. Regarding adulteration of food we have inspectors placed at intervals across the country, twenty-seven or twenty-eight of them. When cases arise reports are sent in to the department, and food that is suspected is examined in our laboratories and the necessary action taken.

Mr. RALSTON: Do the mounted police take charge of the prosecution?

Mr. MacLAREN: In which case?

Mr. RALSTON: Where adulterated food is found and report made to the department and the department is convinced that an offence has been committed, is the matter then placed in charge of the mounted police?

Mr. MacLAREN: No, our connection with the mounted police is restricted to narcotics. Food comes under our food inspectors, and the action is taken by the chief inspector.

I might say for the information of the house that while there were a number of reports and prosecutions, in the last two years the principal food which has come under the observation of the department and in connection with which prosecutions have been instituted and fines fixed is sausages. I say this for public information as well, that there are certain substances which have been added to sausages in the way of preservatives, and I think perhaps in the way of colour, and the department is doing what it can to suppress this adulteration. I mention it because quite a considerable number of cases have come before the department.

Mr. NEILL: Do I understand that the minister or his department is responsible for the administration of the Meat and Canned Foods Act?

Mr. MacLAREN: That is under the Department of Agriculture. The matter of foods comes partly under my department, partly under the Department of Agriculture and also in some cases under the provincial authorities. Misbranding and adulteration of canned foods are dealt with by this department, but on the whole canned foods are under the Department of Agriculture.

Mr. NEILL: Let me make my meaning quite clear. Was the minister or his department privy to or cognizant of or in any way responsible for the perpetration of P.C. 206 that we talked about the other day, in connection with the inspection of canned salmon? It was certainly issued under the provisions of the act dealing with meat and canned foods. I am anxious to know who is responsible for that offspring.

Mr. MacLAREN: The answer is that the department does concern itself to a small extent with canned foods, that is to say as regards labelling. If it is mislabelled, then the department is concerned.

Mr. POWER: Do the functions of the inspectors of this department extend only to the labelling of the canned foods, or do they go beyond that?

Mr. MacLAREN: I understand the hon. member asks, is the department limited to misbranding and mislabelling. That is largely what we are confined to. The Department of Agriculture actually deals with canned foods, but should a case of adulteration be brought to its attention then the department analyzes and reports on the condition.

Mr. POWER: Is it a fact that the department has inspectors to examine foods that are placed on the market?

Mr. MacLAREN: Well there is a Meat and Canned Foods Act, that is specially under the Department of Agriculture. I was suggesting a moment ago that there are various departments and organizations having to do with the adulteration of food—the Department of

National Health, the Department of Agriculture, which deals particularly with canned foods, and food under the provincial authorities.

Mr. POWER: At this point will the minister explain how the work is divided? Surely there is not any overlapping. I understand from the minister there are three bodies which deal with the adulteration of food.

Mr. MacLAREN: I quite agree that there is a possibility of confusion as to just where the responsibility lies in different cases. This is a memorandum on the subject.

The control of the manufacture and sale of foodstuffs comes under the Department of Pensions and National Health, the Department of Agriculture, the provincial departments of health and the municipal departments of health. The Department of National Health prescribes standards of quality and fixes the limitation of variability permissible in any article of food. Through its inspectors and analysts certain foodstuffs are collected, examined and analysed for adulteration and misbranding. Under the Meats and Canned Foods Act the Department of Agriculture controls foodstuffs that are manufactured for export and interprovincial sale, according to the standards of quality set up by the Department of National Health where they apply, and, in other instances, according to their own standards. All manufacturers who export and sell interprovincially are obliged to obtain a permit from the Department of Agriculture. The inspectors of this department supervise the foodstuffs during the course of manufacture and examine them after they are placed on the market. In some isolated instances provincial departments of health have set up standards of quality for certain foodstuffs, for example, milk, but in the main they follow the standards set up by the Department of National Health. Municipal departments of health confine their activities to the examination of premises in which foodstuffs are stored or exposed for sale. I think that indicates how the work is apportioned.

Mr. HOWDEN: Does the department regularly analyze all new patent medicines that are put on the market before they are allowed to be sold?

Mr. MacLAREN: They are not examined until application is made to the department to have them registered. When the application is duly made, they are passed on by the department.

Mr. HOWDEN: They are examined?

Mr. MacLAREN: Yes. Patent medicines are examined. If they are not in accordance with the labelling, action is taken.

Mr. McGIBBON: Some time ago I asked a question and I do not think the minister got the purport of it. What I want to know is the activities of this department in enforcing the Opium and Narcotic Drugs Act, how much money was spent under it, what success the department has had, and a résumé of what it has done during the past twelve months.

Mr. MacLAREN: In reference to opium and narcotics, there were the following expenditures:

Legal services, $32,541.07; witness fees and expenses, $315; secret investigational work, $291.92—Total, $33,147.99.

Mr. DUFF: In regard to the $32,000 for legal services, will the minister give the names of the lawyers who received this very large sum of money in these times of depression?

Mr. MacLAREN: They will be found in the Auditor General's report. I am sorry I do not have the names here.

The cases of prosecutions are as follows:

Possession of drugs	173
Selling or distributing	45
Importing without a licence	3
Smoking opium	42
Frequenting opium den	39
Possession of pipes, etc	24
Professional cases under sections 5, 6 and 9	7
Total	333

Mr. POWER: The hon. member for Antigonish-Guysborough asked the minister to give the details of the expenditure of $32,000 on legal fees; we have not as yet had that.

Mr. MacLAREN: I have not those details with me, but I know, for instance, there have been cases of appeals to higher courts and this has added materially to expenses.

Mr. POULIOT: Higher courts mean higher fees.

Mr. SULLIVAN: Is the sum of $32,000 for one part or for the whole of Canada?

Mr. MacLAREN: That is the total legal expense in connection with narcotics.

Mr. POWER: I think we are entitled to some kind of reply. To say that some cases were taken to the higher courts and the fees were higher is not a reply. I think the information should be put at the disposal of the committee.

Mr. MacLAREN: Pardon, me, I said nothing of the kind.

Mr. POWER: Then I absolutely withdraw what I said.

Mr. MacLAREN: I did not say that the expenditure of $32,000 was incurred because of the higher fees, but a case that is appealed and goes to a higher court involves more expenditure, as I think my hon. friend will agree.

Mr. POWER: Oh, quite.

Mr. MacLAREN: The expenditures for legal services were as follows: Elie Beauregard, Montreal, $1,757.10—

Mr. POWER: He is a good Liberal.

Mr. SULLIVAN: He is chief Liberal organizer in Montreal.

Mr. MacLAREN: There was also paid to R. L. Maitland, Vancouver, $4,175.70; Gustave Monette, Montreal, $10,668.70—

Mr. POWER: May I say for the benefit of my hon. friend from St. Ann that Mr. Monette is a good Conservative.

Mr. MacLAREN: One must remember that a large percentage of these cases are in the province of Quebec, particularly in Montreal.

Mr. POWER: Is that persecution or prosecution?

Mr. MacLAREN: There was also paid to Preland and Richardson, Toronto, $1,539.33; Arthur Sullivan, Winnipeg, $5,849.08; R. A. Wootton, Victoria, $1,619.10; accounts under $1,000, $6,512.08. All these accounts have been taxed by the Department of Justice.

Mr. POWER: Has Mr. Monette acted in several cases or only in one?

Mr. MacLAREN: He has acted I think in nearly all the Montreal cases. Incidentally I may say that it is desirable to obtain the services of those who have had experience and training in this peculiar class of case.

Mr. POWER: I can quite understand the reasoning of the minister that we should have barristers who are trained in this particular class of work. When did Mr. Monette's training with the department begin?

Mr. MacLAREN: He has been handling this class of case for a number of years: I cannot say just how many. The experience of the department is that it is advantageous to have continued those legal men who are familiar with this particular class of case.

[Mr. Power.]

Mr. McGIBBON: I do not wish to embarrass the minister in any way, but I should like to impress on the house that this is a very serious question. Tens of thousands of people in this country are being demoralized by the use of narcotics; and that is one of the big things which this parliament and the country has to fight. I should like to hear from the minister, if I may, what progress has been made in the last twelve months in suppressing the smuggling of opium, the use of which has demoralized tens of thousands of our people. It is one of the really serious questions before the people of Canada. I am not particularly interested in who got the money for enforcing the act, but I am interested in knowing how well the act was enforced and with what results.

Mr. MacLAREN: The suppression of the illegal use of narcotics is one that is very closely studied by the departmental officers. There is no evidence of an increase; on the whole I believe there is a diminution in the use of narcotics, if the convictions are a guide, and I believe they are a fairly safe guide. The convictions have been as follows, 1925, 835 convictions; 1926, 743; 1927, 490; 1928, 430; 1929, 567; 1930, 458; 1931, 333. So far as one may judge from the convictions, the use of narcotics is less than it was in previous years.

Mr. GERSHAW: Perhaps the minister would give us a little further information regarding those convictions. What becomes of the addict who is convicted? Is he punished by being sent to gaol, or is hospital treatment provided for him?

Mr. MacLAREN: So far as the penalties are concerned, there are heavy fines or imprisonment, or both. So far as treatment is concerned, arrangements are made for giving suitable treatment to the individual.

Mr. GERSHAW: What treatment is provided? Does the department pay for the treatment, or how is it provided?

Mr. MacLAREN: The department does not pay for the treatment.

Mr. GERSHAW: Who provides the treatment?

Mr. MacLAREN: It depends upon the man. A man may pay for his own treatment, for instance, or if he is sent to a public hospital he becomes a public charge.

Mr. POWER: Does the minister say that a man convicted of a crime under a narcotic act and sentenced to imprisonment is obliged to pay for the treatment he receives as a prisoner?

Mr. MacLAREN: Arrangements are made for the treatment of individuals who are imprisoned.

Mr. POWER: At whose expense?

Mr. MacLAREN: At the expense of the public. Arrangements are made with the gaol physician who carries on the treatments.

Mr. POWER: Does the Department of Pensions and National Health pay the physicians for those treatments?

Mr. MacLAREN: We incur no expense. But in cases where there is no imprisonment we do everything possible. We advise the people affected to go to hospitals or sanataria to receive treatments, and show an interest in the welfare of each individual.

Mr. POWER: Who carries on the work of advising and showing interest in the welfare of individuals?

Mr. MacLAREN: The medical officers of the department. Then we have a special staff dealing with narcotics, who do all they can, from a humanitarian standpoint, to assist the people affected.

Mr. ROSS: Does this matter not come under the control of the provincial legislatures? After a successful prosecution the individual goes to an institution, and such institutions are maintained by the provinces, therefore all expenses fall to the provinces.

Mr. HOWDEN: I understand there are no provincial institutions to care for narcotic victims. I understand, further, that for a long time there has been an agitation to have the federal Department of Health take steps to provide such institutions. Is the department giving the matter any serious consideration, and is there any likelihood of the government supplying a fund for this purpose?

Mr. MacLAREN: The view of the department is that the matter is of a provincial nature, and it has not been considered by the government. Outside of that, however, it is the disposition of the department in every possible way to help in connection with this very important matter. While the care of the sick and of those who indulge in narcotics is a responsibility of the provincial legislatures, yet in many cases our own departmental officers can and do help individuals. In any event they are interested in seeing that the best possible treatment is given.

Mr. HOWDEN: If the federal department assumes the responsibility for locating narcotic victims, and those who are guilty of infractions of the law, one wonders that it does not take any responsibility whatever in connection with relieving the unfortunate condition in which those individuals find themselves. It seems reasonable that if the government assumes the one responsibility it should assume the other concerning the cure of these people.

Mr. MacLAREN: As the matter is within the control of provincial legislatures I am afraid I cannot agree with the hon. member. I do not believe one would want both federal and provincial governments attempting to do the same thing. As a matter of fact curative measures come under the provincial and not the federal control. Whether or not the action suggested by the hon. member is advisable is a different matter.

Mr. HOWDEN: Do I understand from the minister that provincial legislatures have no responsibility concerning trafficking in narcotics, but that the constitution has placed the matter, so far as that angle of it is concerned, solely under the responsibility of the federal government? Do I understand, further, that the federal department takes no responsibility for cure?

Mr. MacLAREN: I have explained what the department is doing and believe I have covered the ground sufficiently. I do not say that the provinces have nothing to do with the apprehension of offenders, because the fact is that provincial and local police do their duty in connection with the detection of the improper use of narcotics.

Mr. HOWDEN: The matter of what should be done with narcotic victims is widely debated not only in this House of Commons but throughout the country. As a matter of fact the ordinary hospital is not the proper place to deal with such people. There are institutions throughout the United States where much better treatment is provided than is given in Canada. For a long time there has been an agitation in Canada for provision for similar institutions. So far no provincial legislature has accepted the responsibility of establishing such institutions, and the federal government adopts a similar attitude. In my view this is a matter to which the department should give very serious consideration, because until in Canada we have some means of properly treating these victims, we will not get very far.

The CHAIRMAN (Mr. Perley, Qu'Appelle): Shall the item carry?

Mr. ROSS: What is the objection to—

The CHAIRMAN (Mr. Perley, Qu'Appelle): It is six o'clock.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. HOWDEN: I should like to add one or two remarks to what I was saying when the committee rose for dinner. We were talking about the narcotic drug traffic, and I should like to say that there are a few things in Canada which seem to fall between the two stools, the federal government on the one hand and the provincial government on the other. What is the drug traffic? It simply amounts to this, that a number of unscrupulous individuals enter into this traffic and victimize whomever they may for their own profit. Unfortunately the victims often are prominent persons of high social standing, and frequently are women. I can say that without fear of contradiction. Eventually the criminals who sell the drugs, as well as their victims, are brought to justice. Those who indulge in the traffic for purposes of gain are sent to gaol; but the victims also come before a judge and are fined, and what happens? They can be sent to gaol or to hospital, but unfortunately the hospitals will not take in these people unless they have special guardians. So for the most part they have no other place to go but the common gaol.

Before recess I maintained that somehow or other the federal government should make advances to the provincial governments for the construction of institutions where these people could be looked after. Unfortunately some of the first families of the land—and I speak with knowledge—number victims of the narcotic trade among their members, and there is practically no place to send those people because the hospitals wash their hands of the responsibility of looking after them. That is the position in connection with this matter. When I broached the subject to the minister before dinner I was simply reviving an old question that has been discussed in various quarters for a long time. There is no doubt that there is a crying need for at least one institution in every province for victims of alcohol and drugs, where they may be sent for succour and care and in the hope of being retrieved. When victims of narcotics are sent to common gaols they suffer the torments of hell and apparently there is no other place to send them. In Manitoba the province has what we call a psychopathic hospital for the care of incipient and minor cases of insanity, and fortunately this hospital does care for these people. There may be other such institutions in Canada, but I do not know of them.

Surely this is a responsibility of the federal government, because the question is a national one. If the government are sufficiently interested in the matter to bother running down these people and taking them to court, at least they should give them some care and consideration after they have been run down. I am bringing up this matter again so that the minister may give it his attention and in the hope that the federal authorities will consult the provincial authorities and provide places for the care of such cases.

Item agreed to.

Public health engineering, $17,000.

Mr. BROWN: Explain.

Mr. GRAY: What is the reason for the increase?

Mr. MacLAREN: This vote is for the enforcement of the regulation under the Public Works Health Act and for investigations with regard to the pollution of boundary waters. The engineers of the department are engaged in checking the purity of the waters in international rivers and lakes.

Mr. GRAY: What is the reason for the increase of $2,000?

Mr. MacLAREN: The previous amount was not quite large enough to provide efficient service.

Some hon. MEMBERS: Oh, oh.

Mr. MacLAREN: I do not say that in order to be amusing. The examination of the waters of international streams and lakes is a very interesting and important work, requiring the services of a number of engineers. Last year we would have liked one or two additional men but were not able to get them.

Mr. MITCHELL: I should like to know what public health engineering is.

Mr. MacLAREN: It includes the examination of international waters, under an agreement with the United States; it has to do with the inspection of federal buildings from a health standpoint as well as checking the purity of the water supplied on trains, and similar matters.

Item agreed to.

Marine hospitals, including burial expenses of destitute deceased mariners and grants to institutions assisting sailors, $187,500.

Mr. VENIOT: This fund is made up principally of mariners' fees paid in the various ports. Does the government contribute to it?

Mr. MacLAREN: This item provides for medical and surgical attendance and such other treatment as may be required for sick and injured mariners belonging to vessels that pay sick mariners' dues in conformity with the provisions of the Canada Shipping Act, chapter 186 of the Revised Statutes of Canada. With certain exceptions, dues at the rate of 2 cents for every ton which a ship measures, registered tonnage, is collected from every vessel arriving at any port in the provinces of Quebec, Nova Scotia, New Brunswick, Prince Edward Island and British Columbia, and from any place out of Canada or from any port in another province; and the revenue thus obtained is generally speaking approximately equal to the expenditure incurred. The department operates a hospital at Sydney, Nova Scotia, and one at Lunenburg for the exclusive use of sick mariners entitled to the benefits of the act. At other ports provision is made as far as possible for care and treatment at contract rates at the various local hospitals. Where there is no marine or designated hospital the collector of customs, who approves the application for treatment, sends the sick mariner to the port physician and if considered necessary provision is made for his care and treatment in some private residence. Owing to the decrease in shipping activities here has been a decrease in the number of vessels paying these dues and also a decrease in the expenditure.

Mr. VENIOT: I know all about the operation of the act. What I want to know is whether the fund is entirely taken up for the purpose indicated by the minister or whether there is a deficit to which the government must contribute.

Mr. MacLAREN: Last year the receipts were $184,485.47. The previous year they were $201,767.

Mr. VENIOT: What were the expenditures?

Mr. MacLAREN: For the year 1930-31 they were $209,085.55, and for 1931-32, $208,845.90. In the year 1930-31 the deficit was $7,237.83, and last year, $24,360.43.

Mr. VENIOT: Did the government contribute to the deficit out of the consolidated revenue fund?

Mr. MacLAREN: There has been a surplus in previous years and with that we have been meeting the deficit.

Mr. VENIOT: How much of the surplus is now left?

Mr. MacLAREN: Since confederation there has accumulated a net surplus of $273,538.70.

Mr. VENIOT: With such a surplus I do not see why the expenditure should be reduced this year. This is not money that comes out of the government of Canada; it is money contributed by the vessels the sailors on which are supposed to receive this hospital aid when necessary. I cannot see therefore the necessity of reducing the expenditure when it is so absolutely essential to look after these men. In addition to the amounts collected from vessels coming from foreign ports and from vessels sailing from one province to another in Canada under Canadian register there is also a payment made to look after sick or injured sailors locally—fishermen. The fishermen pay into this fund and are looked after locally. The minister says that where there is no hospital arrangements are made for the treatment locally of sick or injured sailors. I have in mind a fisherman who was injured in the harbour of Shippegan. The vessel to which he belonged had paid sick mariners' dues, and in the course of his calling a codfish hook ran into his hand. There was no local doctor authorized to look after sailors in Shippegan and this man would have had to drive twenty-one miles to see a doctor. He could not stand the drive; the suffering was too great. The sub collector of customs at that port therefore gave the man an order to be treated by a local doctor, but that local doctor not having an appointment through the department has been refused payment for the treatment of this sailor. I hold that the doctor is entitled to payment. It would be a hardship—I will not qualify it with any stronger word—to force a sailor to drive twenty-one miles with a large fish hook stuck in his hand, and that it what this man would have had to do; he would have had to go to Caraquet. He could not undertake that drive, he was treated by the local doctor, and the doctor gets nothing.

Mr. MacLAREN: I need hardly point out that in emergencies no regulations hold.

Mr. VENIOT: Why then was this doctor not paid? I have the correspondence, and it says that the collector of customs had no authority to order a local doctor to look after this man; he should have sent him to Caraquet.

Mr. MacLAREN: He had not under ordinary circumstances, but in a case of emergency he had every reason to do so. If the hon. gentleman brings the matter to my atten-

tion, with the name, I shall have that promptly put right. The rule in ordinary cases is that they go to the regularly appointed man only. But in case of emergency these men must be looked after, and the department will see that they are looked after. I presume the hon. member for Gloucester has in his mind the small boats. I think the men who use these small fishing boats are receiving very fair treatment compared with the general medical attendance. For instance in the last year vessels of less than thirty-four tons produced a revenue of $1,236; and on cases of members of crews of these small boats $10,313.82 was expended.

Mr. MacINNIS: Would the minister tell the committee how much of last year's vote was given in grants to institutions for assisting sailors?

Mr. MacLAREN: The total is $2,600. It is divided in amounts of $200 to various sailors' institutes on the Atlantic and the Pacific—Navy League of Canada; Sailors' Institute, North Sydney; Navy League, Sydney; Seamen's Mission Society, Saint John; Catholic Sailors' Club, Saint John; Catholic Sailors' Club, Montreal; Catholic Sailors' Club, Hochelaga Branch; Montreal Seamen's Institute; Montreal Sailors' Hospital; Catholic Seamen's Club, Quebec; Quebec Seamen's Institute; Vancouver Sailors' Home; Victoria Sailors' Institute. These different organizations received $200 a year towards their facilities for looking after sailors.

Mr. HOWDEN: Does this item really constitute a form of insurance that is afforded sailors, or why does the government of Canada give special consideration to sailors as a class?

Mr. MacLAREN: Yes, I would consider it a form of insurance. Two cents a ton is charged on vessels coming to our ports from outside the country or the province, to form a fund to pay for the expenses of sick mariners. Otherwise they might be left uncared for or go ashore without proper means of support. The insurance, if you wish to call it so, is paid by the owners of the vessels.

Mr. DUFF: I notice there is a decrease of $20,000 in this item. I would like the minister to explain why this very important vote is decreased by that amount. He told us a short time ago that there were certain marine hospitals in different parts of the country. These hospitals are kept up by the appointment of marine doctors by the department. In my own town there is a marine hospital which for a number of years has been of great benefit to the fishermen and sailors coming into that port. After this government came into power the doctor who had had charge of the hospital, a very capable man, was dismissed without cause and another physician, a Conservative, appointed, without reason and without justification. Then for some reason, within eighteen months that new appointee of the Conservative government was dismissed. I would like to know why this very capable doctor was dismissed and another man put in his place.

Mr. HANSON (York-Sunbury): There must be something wrong about that statement.

Mr. MacLAREN: That is a question that I would prefer to take up with the hon. member for Antigonish-Guysborough in the department. I suggest that it is not advisable to discuss a matter of that kind here, because I believe it would give rise to harm, certainly to no good. But I wish to say this, very emphatically and without any doubt, that the officer he refers to was not displaced without cause. I suggest that the hon. member come down to the department and I will show him the files; I would rather not put the matter on Hansard unless he insists upon it. Neither that officer nor any other has been displaced without good and proper cause.

Mr. DUFF: Of course I appreciate the minister's delicacy in not wanting to deal with this matter on the floor of the house. The first physician dismissed was a Liberal. Without telegraphing this gentleman or getting his consent to having this matter discussed publicly here, I am willing to take the responsibility for asking the minister now, without going to his department, why this very capable doctor who had been the physician in the hospital for a number of years and who had the confidence of the fishermen and sailors, was dismissed in 1930. That is the first point. The second thing I want to say is that after this capable doctor was dismissed upon the present government coming into power, a very capable Conservative doctor was appointed to that hospital and within twelve months that Tory doctor was dismissed without cause. Surely the minister does not want me to go to the department and discuss with him privately why a good Conservative, a man who always voted for the Conservative government, who went out and worked during every one of the last ten elections, was dismissed without cause as medical officer in the Lunenburg marine hospital. I think it is time the minister should give the public and me the reason why this good Conservative was dismissed without cause.

Mr. MacLAREN: I should say that what the hon. member has stated is evidence that the department is administering its affairs without regard to politics. As I said, I am not, if I can help it, going to drag the affairs of these men into public in the house. I do not think it is a proper thing, and I ask the committee to support me in that.

Mr. DUFF: I think we have a right to know why these capable men were dismissed. As to the first doctor, I have no objection to that, because by dismissing him the minister and the government have made of him a good canvasser against the present government in the next election.

Some hon. MEMBERS: Why worry?

Mr. DUFF: In the 1930 election, due to the fact that this first doctor had an appointment from the previous government, he did not stir from his place on polling day; he did not do anything at all to help return the Liberal party to power. Now, of course, since his dismissal, he is a good Grit and in the next election he will go out and work to elect a Liberal candidate. Since this government came into power, without reference to the Civil Service Commission, without reference to anybody except the patronage committee, they appointed a Conservative doctor to take charge of the hospital, but not satisfied with that, within eighteen months after this very capable doctor had been appointed, they dismissed him.

Mr. MacDONALD (Cape Breton South): Perhaps he turned Grit.

Mr. DUFF: The cute old fox from Cape Breton South is right. That former Tory doctor, because of his dismissal, is going to vote Grit and work Grit in the next election. I am not complaining. What I want to know from the government and the minister himself is why this capable doctor, who was a friend of the party and should not have been dismissed, was let out. It is up to the minister and his officials to give reasons for the dismissal of this doctor and the appointment of another Conservative.

Some hon. MEMBERS: Carried.

Mr. DUFF: No. I am going to demand that the minister give me a good reason for what was done in this case. First, a gentleman of his own profession, of good standing in the medical profession, was dismissed from his position as marine physician because he happened to be a Liberal. I have no particular objection to that. What I want to know is why, after this Liberal doctor was dismissed and a Conservative appointed, within eighteen months the latter capable gentleman, who was a Conservative and a good follower of my hon. friend, was dismissed from his position, and I am going to demand an answer.

Mr. MacLAREN: I can go this far with my hon. friend. I would do a great deal to meet his wishes. I may say that the first vacancy was caused by death. As regards the other, an investigation was held, the various aspects of the case were looked into and it was decided that his services should be dispensed with.

Mr. DUFF: I agree with the minister that the first dismissal was caused by death, political death. I think I should know exactly what happened in regard to the dismissals from this hospital. It is true that a year before my hon. friend was appointed Minister of National Health, the gentleman who was in charge of the hospital in that town did die, but I had the honour and pleasure of recommending a new man; in fact I recommended not one but two, because they were in partnership. When this government came into power, those gentlemen were dismissed. As I said a moment ago, during the 1930 election they felt that because they were getting $1,000 in salary from the government, they could not very well go out and work for the Liberal candidate. Therefore, I was delighted that they were dismissed because in the next election they will be the best workers we have in that part of the country. I believe to the victors belong the spoils, and I have accordingly no objection when my hon. friend, of course on representations made by his party—and I am not complaining of that; I would have done the same thing—appointed a good Conservative. It was the proper thing to do. What I do object to is that within twelve or fifteen months after this Conservative, a respectable, efficient physician, who looked after his work and who had the confidence of the fishermen, sailors and citizens of the town, was appointed, he was dismissed. I am sure every hon. gentleman opposite should sympathize with me in my argument, because I am trying to defend their own party. It may be all very well for the minister to try to get by this with a smile, but he must not forget that in that little town where the hospital is situated, the fact that this good Conservative, a reliable physician, was dismissed from his position, would have some reflection on his standing and character in the community. I, who am a neighbour of this man, resent that my hon. friend, for some reason which I do not know, dismissed this capable physician, who had the confidence of the fishermen and sailors, and

appointed another man in his place. It is due to the community and to the Conservative party that the minister should explain why this was done.

Some hon. MEMBERS: Carried.

Mr. DUFF: With regard to this dismissal and the new appointment, I want to ask the minister whether the new appointment was made by the Civil Service Commission or by his department?

Mr. MacLAREN: All these appointments are departmental, none being made by the Civil Service Commission—or rather, I understand that for some years there has been an understanding or agreement between the Civil Service Commission and the department, and the latter makes the appointments.

Mr. VALLANCE: How long has this agreement been in force between the department and the Civil Service Commission giving power to the former to make the appointments?

Mr. MacLAREN: That was brought about by an order in council.

Mr. VALLANCE: When?

Mr. MacLAREN: It was some time ago, in 1923.

Mr. VALLANCE: I happened to be a member of the committee which investigated the administration of the civil service last year, and what the minister now says simply bears out the evidence that was submitted to that committee, showing that the Civil Service Commission was not performing the functions for which it was created. In nine hundred and ninety cases out of a thousand, before an appointment is made by the Civil Service Commission, it has to be O.K.'d by the head of the department.

Mr. QUINN: You should know.

Mr. VALLANCE: I should know because I was a member of that committee.

Mr. MacLAREN: The commission does not appoint these men.

Mr. VALLANCE: That is what I am saying.

Mr. MacLAREN: That is what I say.

Mr. VALLANCE: This is just another case that goes to bear out the evidence that the Civil Service Commission is not performing the functions for which it was created. As the minister has told us to-night, an agreement is entered into between the head of the department and the commission whereby the commission waives its right to make the appointment, and in nine hundred and ninety cases out of a thousand it will be found that the department makes the appointment. We had deputy ministers come before that committee last year and point out to us definitely that time after time an eligible list would be presented to the department and be torn up, that a second list would be presented and be torn up, and then the head of the department would invite or suggest to somebody to make application, and that application would go through. The Civil Service Commission is not allowed to function.

Mr. COTNAM: Now you have put your foot in it.

Mr. DUFF: The hon. member for North Renfrew said that the hon. member for South Battleford had put his foot in it. It would be better if some people would put their foot in their mouth and keep quiet.

The minister said a moment ago that these appointments were made without reference to the Civil Service Commission. My understanding of the order in council of 1923 was that all appointments to positions over $200 had to be made by the Civil Service Commission and be advertised in the regular way, and that positions under $200 were left to the government to fill. If I had my way the party in power would make all the appointments. I agree with my hon. friend from South Battleford that the Civil Service Commission is now and has been purely a camouflage. I see by the newspapers of the last few days that a gentleman from Prince Edward Island is coming to Ottawa to be made chairman of the Civil Service Commission, and that two other gentlemen are to take the places of the two now serving. I say that the best thing for this government to do, especially in view of the economic conditions to-day, would be to do away with the Civil Service Commission, and let the ministers of the different departments and members of parliament take full responsibility of all appointments of whatever kind.

Coming back to this particular case, the Minister of Health, on the representations of somebody, dismissed a capable Conservative physician.

Mr. MacLAREN: I rise to a point of order, Mr. Chairman. That is not the statement I made. I said that an investigation was duly held, as a result of which it was considered advisable to retire this man.

Mr. DUFF: I accept the minister's explanation. I would not for a moment put my judgment against his, and I am sure my hon. friend

from Long Lake will agree with that. Nevertheless the fact remains that the gentleman who was appointed physician of the hospital in Lunenburg by my hon. friends opposite after they came into power was a capable man, and I still say that there was no reason why he should have been dismissed.

Mr. BURY: Go and look at the files which the minister has offered to make available to you.

Mr. DUFF: Go and look at the files yourself if you want to see them. You have nothing else to do; I have. I know the circumstances, which my hon. friend does not. He should not try to be smart about a matter that I know all about and that he knows nothing about. I say to my hon. friend from away out on the great prairies, from the ranches of Alberta, if he wants to go over the Rocky mountains, let him go. I come from down by the sea coast.

Mr. BURY: It is you who want the information.

Mr. DUFF: Then why don't you hold your tongue and let me get it? Surely, Mr. Chairman, my hon. friend must realize that I am capable of getting any information I want, and he need not worry his brains about it.

As I was saying, the Conservative government, after they came into power in 1930, dismissed a Liberal appointee. I have no objection in the world to that; it was the right thing to do from my standpoint. Then they appointed a Conservative to that position. What I do object to is that this capable, efficient, decent, respectable, God-fearing citizen who goes to church every Sunday and teaches in the Sunday school, and who voted Tory—

Mr. McINTOSH: He is not a Presbyterian, is he?

Mr. DUFF: Pretty nearly; he may be a Lutheran. This gentleman for some reason or other was dismissed from his position, and there are certain people in the town who cannot understand why that should have been done. I am sure the minister did not do it himself. I cannot believe for a moment that he did it without knowing something about it.

Mr. MacLAREN: The hon. member cannot put it that way. I have said that an investigation was held.

Mr. DUFF: The minister says that an investigation was held. Being a political partisan as I am, and as you are, Mr. Chairman, I cannot understand why the minister had an investigation of a good Tory, for this man was a Conservative partisan, a follower who had given good service to the Conservative party, as well as to the hospital, to the fishermen and the sailors. Why should there be an investigation of a man when there was nothing against his character or his ability in performing his duties?

Mr. BOYES: It is hard for a Liberal to understand that.

Mr. DUFF: It is only a hard-hearted Tory who would do it. A Liberal would never do it. The fact remains that this good Conservative was dismissed from his position, and another good Conservative was appointed. What I should like to know from my hon. friend is what investigation took place resulting in the dismissal of this good Conservative, and what particular qualifications has the new appointee for the position?

Mr. McINTOSH: In other words you want the facts.

Mr. DUFF: Yes.

Mr. McGIBBON: May I interject a word in order that we may get our bearings. I have been greatly interested to learn that nearly every hon. member on the opposite side of the house is opposed to the Civil Service Commission.

Some hon. MEMBERS: No.

Mr. HANBURY: Absolutely the contrary.

Mr. McGIBBON: I happened to introduce a resolution last year in that connection, and I do not think there was a single hon. member in the house, with the exception of myself, who spoke in favour of it. The committee was appointed, and where did we get? Just a little bit more trouble is heaped upon the member when he has to go out and scour the country to get someone to take a job which nobody wants. That is about the size of it. If I were to give my opinion of what I thought of the commission, I am afraid it would not be parliamentary.

Mr. HANBURY: Try it; you cannot shock this house.

Mr. McGIBBON: However, like other Conservatives I welcome an advocate such as the hon. member for Antigonish-Guysborough. It is something new for him to stand in this House of Commons and plead for a Tory or a Tory cause. I am sure every hon. member

on this side of the house, knowing his ability and knowing how he can argue on any side of a case, will welcome his remarks. But I should like to remind the hon. member that he has made some very quick somersaults in this house. When he criticizes the Minister of Pensions and National Health for changing his mind about appointments and at the same time states that the minister should have full liberty to make any appointments he may wish, I suggest he is inconsistent. I can remember that in a session not very many years ago the hon. member took credit for having a certain vote placed in the estimates. I have no doubt that at the time the vote was in the interests of the good Grits in his riding. But, lo and behold! the next year that very same item was kicked out, and by the very same gentleman. Further, he stood up in this house and on both occasions acknowledged the parentage of it. I wonder if he would now tell us what caused the great conversion in his mind on that occasion. What was the great light which changed him from a Saul to a Paul?

Mr. DUFF: Damascus.

Mr. McGIBBON: In one year in Lunenburg he pleaded the cause of the Liberals, and as a result had the item placed in the estimates. The next year, simply because they did not bow down and worship him, he returned to this House of Commons, claiming and exercising the right of having the item kicked out of the estimates.

Mr. HANBURY: That was consistent.

Mr. McGIBBON: The hon. member says that is consistent—if inconsistency is consistency yes. On this side of the house we like the hon. member because apparently he is quite frank; generally we know where he stands. But certainly he ought to be a little bit consistent. Hon. members on this side of the house know what they got when they sat on the opposition benches during the years the Grit government was in power. There was no doubt then as to who exercised the patronage.

Mr. SANDERSON: You do not know what you are going to get after a while, though.

Mr. McGIBBON: We will let the future look after itself.

Mr. McINTOSH: What you are going to get you know not.

Mr. McGIBBON: We know we could not get a penny postage stamp for our ridings when the Liberals were in power.

Some hon. MEMBERS: Order.

[Mr. McGibbon.]

Mr. McGIBBON: All hon. members on this side recognized that fact in those days. Why not be a little bit consistent? I say that this is not the time for patronage. But if the time ever comes, in my opinion hon. members on this side of the house should have consideration before hon. members opposite.

Mr. HANBURY: Regardless of which party may be in power?

Mr. McGIBBON: Oh, we will be here; don't worry about that. I do not know why the doctor was dismissed, but the minister has told us that investigations were made. It is not likely that he made the investigations himself, but it is more than likely he appointed competent people to make them—people in whose judgment he had confidence. If he followed their advice I do not believe the hon. member for Antigonish-Guysborough should be quite so critical. I am sure that had the hon. member been in a similar position he would have been one of the first to follow such advice—and nobody knows it better than he does.

Mr. DUFF: I am sure I appreciate the lecture concerning patronage the hon. member for Muskoka-Ontario has tried to give me. My hon. friend and I came to this house in 1917. Ever since that time my voice has been raised against the Civil Service Commission, and in favour of the practice of allowing the party in power to make appointments. I never have changed my views in that connection. If the hon. member stated what is in his mind he would admit that I am making a true statement.

Mr. McGIBBON: Quite true. I merely made the statement that you did not give me any help last year.

Mr. DUFF: I voted for your report.

Mr. McGIBBON: There was no vote taken.

Mr. DUFF: My hon. friend was a member of the civil service committee, and knowing him as well as I do, when he brought in his report I could do nothing but support him, even though I knew he was wrong.

Mr. McGIBBON: I was not on the committee, and I never brought in any report.

Mr. DUFF: However, the matter I was discussing before the hon. member spoke is worthy of serious consideration. If I have shown anything, certainly I must have shown the hon. member for Muskoka-Ontario that I am trying to be fair. If a Grit doctor had been dismissed and I had objected to the dis-

missal, I might understand the hon. member rising in righteous indignation and criticising me. But the fact is that the gentleman I am trying to support and defend is a Conservative.

Mr. McGIBBON: There must be something wrong when you are defending him.

Mr. DUFF: Putting aside the fact that this good Conservative was dismissed, I should like to ask the minister something about the qualifications of the man who took his place. Were tenders called for or—

Some hon. MEMBERS: Oh, oh!

Mr. DUFF: —or were application forms sent out by the Civil Service Commission?

Mr. WILLIS: You are getting too tender altogether.

Mr. DUFF: No, no. Were applications called for by the Civil Service Commission? Did other physicians have an opportunity to apply for this very important position involving the lives of fishermen and sailors, or how was the appointment made?

Mr. MacLAREN: I am responsible for those appointments. I am glad to say there are many medical men in the department. The field is surveyed, and we ascertain who are available and would be suitable. As a result one is chosen and appointed. I cannot say who recommended him, because I have not the files before me. I could not say about most of these appointments, but I satisfied myself to the best of my judgment that this would be a proper appointment.

Mr. DUFF: I quite understand that the minister is willing to take the responsibility, and certainly I do not want to blame him for this appointment. But my hon. friend said he had officials in his department who looked over the field and selected the list from which the appointee was chosen. I should like to know what particular official looked over the field in this case and why this appointment was made.

Mr. MacLAREN: Because there was need for it.

Mr. DUFF: I do not think that is a fair answer. They might have gone out and picked a veterinary surgeon, a quack doctor without the necessary qualifications, or a chiropractor or any one. Surely in a case of this kind, where the appointment is important, the minister should be able to give some reason for the choice of this particular gentleman.

Mr. SPEAKMAN: I should like to ask a question just to clear up one point in my mind. Did I understand the minister to say that the medical men in these hospitals are appointed not by the Civil Service Commission but by the department directly?

Mr. MacLAREN: That is quite right.

Mr. SPEAKMAN: Does that apply to all the hospitals under the department?

Mr. MacLAREN: It applies to all the hospitals in the marine section only and port physicians.

Mr. SPEAKMAN: It does not apply to the hospitals under the pensions department?

Mr. MacLAREN: To nothing else.

Item agreed to.

DEPARTMENT OF LABOUR

Annuities Act, $54,500.

Mr. HANBURY: Would the minister explain this item?

Hon. W. A. GORDON (Minister of Labour): This amount is for the administration of the Annuities Act under which annuities are sold to those who care to invest in them and the contracts are issued by the government.

Mr. McGIBBON: Can the minister tell us if they are still on the same basis?

Mr. GORDON: No; as hon. members will recollect, the limit was reduced from $5,000 to $1,200. I think everyone will agree that this was highly desirable.

Mr. McGIBBON: Are they still on the four per cent basis?

Mr. GORDON: They are still on the same basis.

Item agreed to.

Combines Investigation Act, $25,000.

Mr. SANDERSON: What investigations were held last year under this act?

Mr. GORDON: There was an investigation into the Canadian basket pool; there is at present proceeding the coal investigation; there was an investigation into the tobacco industry and there was an investigation last year into the moving picture industry that lapped over into this fiscal year. I have not before me at the moment the details of all the investigations, but I think that covers practically all the investigations during the year.

Mr. SANDERSON: Is the coal investigation completed as yet?

Mr. GORDON: No. A reference was made in the Senate as to the price of coal in eastern Canada. The situation was drawn to my attention and under the provisions of the act I instructed the registrar, who is the officer charged with such investigations, to proceed with an inquiry. That inquiry is not quite completed; as the hon. member knows this has been a difficult investigation to carry on. About the same time there was an application received in proper form with respect to the mining and sale of coal in western Canada. A preliminary investigation has been made with respect to western Canada, but I have not had a chance to do more than hurriedly review the evidence submitted by our investigators with regard to that situation. Whether or not the evidence we have would justify a further investigation by the registrar I am not able to say at the moment, but the coal inquiry in the east has been going on for some time. I believe the evidence is all in now, and I understand that the report is in course of preparation.

Mr. McINTOSH: Does not the minister think the investigation should be national while he is at it?

Mr. GORDON: The act sets out the method that must be followed in investigations of this character. I think the investigation might be called national if it covers both eastern and western Canada, but whether or not there is sufficient evidence to justify the expense of an inquiry into the mining and sale of coal in western Canada I would not care to say at the moment. I think hon. members will agree that it is not desirable to cause an investigation into private enterprise unless there is at least a prima facie case of something going on in contravention of the terms of the act, because the disturbance of industry by governmental investigations of this kind is not desirable unless such a case is made out. As yet I am not prepared to say that such a case has been made out in western Canada.

Mr. SANDERSON: When all the evidence in the coal inquiry is in and the minister receives the report will it be made public?

Mr. GORDON: The practice in the past has been I believe not to make these reports public inasmuch as this would necessitate the disclosure of the individual's private business. My own view, without having looked fully into the past practice, is that if it is determined that further proceedings should follow the report of the registrar in the interests of the public then of necessity that report would have to be made public, being the foundation of such further proceedings as might be deemed desirable. If however the registrar's report were of such a character that proceedings should end with the reception of it, then, as I think the hon. member will agree with me, it would be highly undesirable to disclose a person's private business to his competitors and to the public.

Mr. REID: Were any requests received from British Columbia last year with regard to gasoline prices? I understand that a man named Ormond was refused gasoline by four companies.

Mr. GORDON: I remember the case to which the hon. gentleman refers. There was a garage man or dealer—

Mr. REID: In Victoria.

Mr. GORDON: In Victoria, yes. He was refused gasoline by some of the wholesalers. The case came under review by the officials of the department and if I remember rightly their report to me was that a case had not been made out such as would justify the registrar making an inquiry. Consequently no further investigation was made.

Mr. SPENCER: When will the coal investigation be finished?

Mr. GORDON: It should be through in the course of the next few days. It will take some time to prepare the report based on the evidence but I think it will be ready in its final form before the end of this month.

Item agreed to.

Administration, Employment Offices' Co-ordination Act, $12,000.

Mr. MITCHELL: I understand that the Dominion Advisory Council came into existence in 1918 by order in council. The council met regularly until the advent of the present government, and only once since then has it convened. What is the reason for that? Is it the intention of the government to avail itself of the services of the advisory council in the near future, seeing that the appointees to that council represent organizations in the dominion which are very broad in their scope and which possibly could be of considerable service to the government in connection with the problems arising out of the present depression? I believe that the last time the council met there resulted from its deliberations suggestions which were quite valuable to the government.

Mr. GORDON: The last conference was called about the beginning of 1931 or probably late in 1930. Those who are interested in the work have seen me from time to time

during the past year. I shall be glad to take into consideration the remarks of the hon. gentleman and if I deem it desirable I shall certainly see that they are called together.

Item agreed to.

Fair wages and inspection, $13,000.

Mr. HEENAN: Is it the practice of the department now to include in all federal contracts the provisions adopted in 1930 with regard to the eight hour day and fair wages?

Mr. GORDON: Yes, in public contracts.

Mr. HEENAN: Before tenders are called for does the government insist that fair wages shall be paid for the different works?

Mr. GORDON: The provisions of the act are being administered very strictly by the department with respect to the status of the wage earner. If there is a schedule attached to the contract the contractors must live up to it; the department insists upon that. Occasions arise when it is quite difficult to harmonize the prevailing wages with what is just and reasonable. The departmental officials, with whom the hon. gentleman is well acquainted, are charged with the responsibility of seeing that the fair wages' provision and all the regulations under the act are given the broadest interpretation in order that wage earners shall not suffer.

Mr. HEENAN: I do not think the minister quite understood me; he said something about a schedule being included in the contract. My question is whether the department now provides for a schedule of wages in connection with all government contracts. We started the practice of providing a scale of wages so that contractors would know what they were bidding on at the time they sent in tenders. Does that practice still prevail?

Mr. GORDON: So far as I am aware, it does. I remember no instance where any other practice has been followed, because it is desirable that the contractor, whether the contract be large or small, should know when he is tendering what he has to figure on in the way of wages. I believe that practice is followed strictly.

Item agreed to.

International Labour Conference, $12,000.

Mr. MITCHELL: In connection with a discussion in this house early in the session the Prime Minister made the declaration that the question of unemployment insurance would be the subject of discussion at the interprovincial conference early this year. I would like to ask to what extent progress was made at that conference towards the introduction of a dominion unemployment insurance measure.

Mr. GORDON: I hardly think that question could be discussed under this item. I am sure the Prime Minister has no desire whatever to avoid giving opportunity for the discussion of that very important question, and I feel certain that before the session ends, if there is evidence of a desire to discuss the matter, opportunity will be given to do so.

Item agreed to.

Administration, Old Age Pensions Act, $2,000.

Mr. NEILL: I take this opportunity of presenting to the minister a question in connection with the administration of the act in British Columbia. I reluctantly do it now, having exhausted every other method I know of.

We passed an Old Age Pensions Act, in 1926 I think it was, and the upper house defeated it. We went to the country and it formed a very considerable portion of the discussions on which the election turned. We came back and passed it again the next year, and I think it may be said to have received the very general support of the public throughout Canada. I do not think anyone would seriously propose to repeal it. There are a few reactionaries who think it clever to sneer at it as being socialistic legislation, forgetting that what you spend on the one hand you save on the other, but generally speaking Canada has accepted the spirit of the act.

I will not say that I charge the minister with instigating—I want to be as moderate as I can—but by his actions he has encouraged and condoned certain policies being carried out; and whether they had that intention or not the result has been to deprive a large number of deserving people of old age pensions who are fully entitled to them. The local board in British Columbia, acting on instructions—they must have been acting on instructions—suddenly turned a violent right about face. As to the question who gave these instructions, I will deal with that in a moment. They have by every known method of subterfuge and evasion gone directly against both the spirit and the letter of the act in refusing pensions. When I appealed to the minister, as I have done repeatedly—I am going to read the letters—he certainly has encouraged them in their action by ignoring complaints and more or less passing the buck. I have heard him say in this house that the matter is primarily one for the provinces to deal with, or that it was the duty of the provinces. I am inclined to the same view, in

regard to the original action, but the province of British Columbia specifically and violently denies it. I am going to read the letter of the provincial attorney general on the subject. In any event the minister is responsible for not taking action when it was brought to his attention. It may be said: It is only a case of paying seventy-five per cent of what the province pays out, therefore we have no jurisdiction. That argument will not work. This government is paying out $10,000,000 in this matter; does anyone seriously suggest that the government which pays that $10,000,000 cannot exercise some oversight, cannot say: You are doing this too lavishly, or on too niggardly a scale? Can they not say, I do not think this particular man or woman is entitled to pension? Indeed I have known them to do it, and so they could in respect of an unjustly rejected application. When a case is brought to his attention it is within the scope of the authority and the duty of the minister to draw the attention of the province to the matter and say: Why are you dealing or not dealing with this particular case? It is the same as if I knew of a man in gaol for an offence, and some other person had confessed his guilt and I called that to the attention of the Minister of Justice; it would be his duty, having been apprised of the facts, to take proper action. I do not expect the Minister of Justice or the Minister of Labour to run around the back sections asking people: Have you had a raw deal? But when it is brought to his attention it is his duty to inquire; I will ever maintain that.

As a last resource, I wrote to the Attorney General of British Columbia, and said: "Did you know what was going on?" I thought perhaps it was the board going wrong. This is his reply, dated January 17:

> I have your communication of the 13th instant complaining about the administration of the "Old Age Pensions Act."
>
> In the first paragraph of your letter you refer to the provincial old age pensions department. May I state that the provincial government does not administer the Old Age Pensions Act.

That will be news I think for the minister.

> This is administered by the Workmen's Compensation Board, it is true, and it is true again that the Workmen's Compensation Board is appointed by the provincial government to administer the "Workmen's Compensation Act," but this board, when administering the "Old Age Pensions Act" is acting for the Dominion government under the dominion statute and pursuant to Dominion government regulations. The board takes its instructions from Ottawa and not from the province.

Please note that.

> The only change in the system might have been that the Dominion government recently assumed seventy-five per cent of the financial obligations, instead of fifty per cent as was formerly the case.

Mr. MITCHELL: Who signed that letter?

Mr. NEILL: H. H. Pooley, Attorney General of British Columbia, in an obvious and patent attempt to pass the buck to the dominion, I think. But the point I want to make is this: Whether or not Mr. Pooley is right or wrong in that regard, I am still dealing with the ultimate responsibility of the minister when a specific case of gross injustice is brought to his attention. I am not talking about changes in the act or regulations; I am talking about a number of specific cases. These departures from law and equity are an outrage and a travesty on justice. I propose to explain them by reading some letters I wrote to the minister, because the matter is there put in concrete form.

The first deals with the use the province makes of the fact that it has a Parents' Maintenance Act, also the interpretation of the regulation which says that they must consider what income the applicant may "reasonably expect to receive." It is on a dreadful travesty and misinterpretation of this that they base a good many of their refusals. Here is my letter dated July 28, 1932, to Hon. W. A. Gordon:

> The provincial authorities of British Columbia are refusing to carry out the provisions of the Old Age Pensions Act. There is a provincial act called the Parents Maintenance Act which provides for the crown or anyone to sue their children for an order for support. It provides that the magistrate, if satisfied that the child has sufficient means to contribute to the maintenance of the parent, "may, in his discretion," having regard to the whole circumstances of the case, order that the child shall pay, etc.
>
> In scores of cases, the provincial authorities are refusing old age pensions and telling the applicants that they can enforce the provisions of the Parents Maintenance Act.
>
> How is a destitute old man or woman to get money to sue their children scattered over the continent or even the province? One at Rossland, another in Duluth, a third at Prince Rupert. The cost would be prohibitive. In most cases the magistrate confronted with the fact of the son being married, with four or five of a family or even two or three, and out of work would make no order against the son or daughter and if he did the parent could not collect on it.
>
> Apart from the fact that in ninety-nine per cent the results would be wholely abortive,—think of the inhumanity of compelling a woman of over seventy with all the love and affection she can ever anticipate in this world, wrapped up in her daughters and grandchildren, being compelled to alienate it all by suing her children whom she knows perfectly well are entirely willing but entirely unable to help her.

I have been told to tell such an old man or woman to sue their children when the children themselves were getting relief work of $16.50 a month with their own wife and family to support out of that.

But forgetting that aspect and even forgetting for the moment that it is impossible for destitute people to start suit against different children in different places, there is another aspect to which I beg your attention and I trust, your support. The Old Age Pensions Act is very definite. It defines certain qualifications and those conditions being met, it is mandatory.

The agreement between your department and the province is a defined contract. It is binding on both parties. The province shall pay to the applicant if qualified—that is, qualified under the Old Age Pensions Act—a certain sum and the Dominion agrees to pay, etc.

It is as obligatory, a person being qualified under the act, to grant him or her a pension as it is obligatory to grant a person the right to vote, he or she being qualified under the Voters' Act. Once qualified under the act there is no discretion to drag in some other act. It is not open to the province to say, "Go, sue your children" any more than it is to say: "Go, and commit suicide."

Had the agreement made between your department and the province contained, in the case of British Columbia an extra provision that the applicants were to qualify under the Old Age Pensions Act but had first to exhaust the possibilities of the Parents Maintenance Act, there might have been reason in their attitude but the act stands alone and should be adhered to.

I have suggested that their duty is to give the applicant his or her pension if qualified and if the board think that there are children able to support their parents,—then let the province sue the children for the amount under the local Parents Maintenance Act.

I have nearly a dozen cases but will take one as an example.

Mother very old and bed-ridden, has had the pension for years. Taken away this spring. Reason given: "It is felt that your son should keep you." Later, I took up the case and pointed out that the son's earnings for the last year were about $50 so that he, as a matter of fact could not keep her. After more writing their final letter reads thus: "Until the above-mentioned takes advantage of the Parents Maintenance Act, we are unable to do anything."

In another case they referred to the clause in new regulations by which they must take into consideration "salary, wages or other means of livelihood which the pensioner may reasonably be expected to receive." They refer to this clause in every case.

In one case I explained that this clause could not apply as one could not say an applicant could reasonably be expected to receive anything from a child who was himself unable to get work or, in one case, working for his board.

The reply I got—it lies before me now (replying to above argument of mine)—reads thus:

"It is reasonable to expect that a single son should be able to support his father."

And for that reason they rejected the application! They did not claim that the son had any money or could get any but because it was "reasonable to expect" that he should have some, they leave the old man to starve. I am sure when you passed the revised regulations last February you never expected such a travesty of justice to be conceived out of their interpretation.

In the case of the old woman or any old person if they have money enough to sue four of their children—all different actions in different places—then they are not actually destitute. If they have no such funds then what is the use of telling them to do the impossible? Impossible in two ways—first, because they cannot pay the cost and, second, because it would not result in their getting any money.

But I stress most of all, the terms of the Old Age Pensions Act. If qualified under that act they are entitled to a pension and they do not have to qualify under or pay attention to any other act.

The province made a contract with you to do such and such things and they are seeking to evade their obligations by a very cheap and wholly inapplicable subterfuge.

I trust you will not allow them to so bring your department into disrepute because of course the suggestion always appears that it is your regulations that compel them to so act.

By the way, I have under my hand an opinion from a very capable lawyer—at least he is the city solicitor of Vancouver—expressing grave doubts whether even under the Parents' Maintenance Act, one could compel a child to support his father who was healthy and able to work and was out of work simply because he could not get employment. However, be that as it may.

I have before me another case; I shall not give the name because I do not think it is desirable to give it publicity. The department writes, not to me but to someone else in connection with a certain case, as follows:

You are no doubt aware of the Parents' Maintenance Act which is in effect in this province and under which act the children are required to maintain their dependent parents. This act creates a legal responsibility in so far as the children are concerned and if Mr. So-and-So is in need of assistance he should endeavour to obtain some under the above mentioned enactment. The findings of the magistrate should then be forwarded to this department.

This clearly indicates in so many words that this father had to sue his son. I investigated the case and found that both father and son were living in a bit of a shack, each of them receiving from the government two days' work or $5.60 a month. That is the son whom this board told the father he ought to sue, and afterwards to submit the findings of the magistrate. I did not get any answer from the minister.

Mr. GORDON: What was the date of the letter to which the hon. member received no answer? Was it a letter to me?

Mr. NEILL: Yes. I think there were five, and later on, after bringing the matter up in the house, I think I got an acknowledgment of three of them. The first letter was dated July 28. I received a sort of blanket acknowledgment from the deputy later on, but not for some months afterward; I shall mention the matter when I come to it. I wrote the minister again on October 26, as follows:

Dear Mr. Gordon:

I would revert to the statement made in my letter to you of July 28 to which I have had no reply. The same situation is still going on, only worse.

The latest case brought to my attention is that of a woman, over seventy, who has been refused a pension although she is sick and over age, on the ground they they consider her husband who is apparently in good physical condition should therefore be able to maintain his wife. The facts are notorious. He is not able to maintain his wife as he cannot get any work, but they refuse the wife's application on the ground that he "should" be able to get work. I submit that that is no answer to the woman's rights under the pension act.

I mentioned a number of other cases in my letter of the date above referred to and suggested that you should have an investigation into the matter. It has got so bad that a lawyer in Victoria has aplied for a mandamus against the provincial official to compel them to grant a pension.

I wrote again on November 3 in regard to another case, and I am citing these because they are all different cases of injustice:

Dear Mr. Gordon:

In reference to the representations I have made to you under date of July 28 and again on October 26 as to the manner in which the Old Age Pensions Act is being administered, I will again call it to your attention with another specific case.

I was not asking him to change the act; I was asking him to deal with specific cases.

A woman applicant had a property assessed at $3,000. The board insisted on regarding that as its true value although it is a notorious fact that assessments in British Columbia are greatly over-valued. They therefore charged her as if she were getting an income of five per cent on $3,000. Presently she sold it for $2,000 to be paid at the rate of $20 a month, which would naturally take a number of years to complete. The payments were not made very regularly, but on June 1, 1932, the amount due on it was $1,100 to be spread out as I have said at the rate of $20 a month. With the knowledge that the purchaser had defaulted on several occasions in the past, and that the property was in a small mining town, the board nevertheless took the stand that the property was worth to her $1,100 in cash and that with $1,100 in cash she could buy an annuity of $177 a year. Consequently they charged her up as having that amount of income, which prevented her getting a pension.

It is a notorious fact that people trying to sell an agreement for the purchase of real estate have to take a very great discount. A firm in Vancouver, advertising to do such business, said they might have got $800 for this agreement if the property had been situated in Vancouver, but when they heard where it was, they would not touch it at any price, and suggested that I might get a local man to give $400 or $500 for it. It is utterly unfair to say she could purchase an annuity to the equivalent of $1,100 with this agreement of sale because it will be quite a few years before the amount is received, if then.

One of the regulations says that they must consider the amount of the Canadian government annuity purchasable by the personal property of the pensioner. It is utterly untrue to say that $177 is the amount of the annuity purchasable by this particular piece of property. I would also point out that it is very doubtful whether this should be considered personal property. The title to the land is in her name, the agreement of sale has never been registered, and I claim she should only be charged with five per cent of her interest in the property.

It may be said that this is a provincial matter, but I would point out that your department made an express bargain with the province that they were to grant pensions in accordance with the act, and they are not granting pensions in accordance with the act. I submit it is the province of your department to inquire into why they do not.

Another case I will introduce here, and it is the last one, although I could go on for hours because I have a stack of these cases a couple of feet high. Again I shall not mention the name. A man was disqualified some years ago because he owned property assessed at such a high figure that at five per cent it produced an assumed income that disqualified him. I pointed out that the property was assessed at five times its true value, being assessed at about $8,000, speaking from memory, while it is worth perhaps $1,500.

Mr. GORDON: Was that man paying the taxes on the property?

Mr. NEILL: Yes, and keeping himself poor doing it. It was a perfect incubus, a white elephant.

Mr. GORDON: He should have got rid of that white elephant and saved his taxes.

Mr. NEILL: It takes about three years to get rid of it by not paying the taxes, and sometimes the government does not hold a tax sale. That was my own recommendation, to let it all go except the house they lived in. I do not know why they did not. But the pension was refused on the ground I have pointed out. Last February the minister's department changed those regulations. The original regulations were that the real estate of a person should be assessed at five per cent of the assessed value. The department found

that that created injustice, probably in Ontario. At any rate they changed the rule, and made it read that in future real estate would be taken at the assessed value, or the market value, whichever was the more equitable. Surely that was a good idea because, after all, we all want equity. As soon as that change was made I applied to the board again and said, "Now I am in a position to get this man a pension because you have been given direct authority, not permission but authority, to take whichever is the more equitable, the assessed or the market value." I offered to show them over the ground so they could see where the property was located, see its poverty and its inability to produce anything at all, and to take their own opinion as to its valuation. What did they do? They said: No, we are going to take the assessed value as being the true value. I pointed out that that was not the true value and that the minister himself had changed his regulations to allow them to take the market value. But they said: No, we are going to take the assessed value.

Mr. GORDON: The regulations read, the assessed value.

Mr. NEILL: Pardon me, but that was changed in February a year ago to read, the assessed or market value whichever is the more equitable. I think the minister's deputy will agree with me, and because it was changed in that way this man was entitled to his pension. The board will take a chance today and refuse a pension; using one argument, and a week later they will use the very opposite argument to refuse one if it serves their turn. So they said in this case that they would not take the real market value although the regulations specifically say that they should. So much for that case.

May I add that I received no answer at all to all these letters? As the poet says, there was silence deep as death. But I brought the matter up in the house and made a protest, and next day I got a letter from the minister's deputy, dated November 24, acknowledging receipt of the letters that I had written and saying that "the points raised are being kept in mind for consideration along with a number of other angles which have come to our attention, and I might add to this end the matter of calling a meeting of the interprovincial old age pensions board in the near future is now being considered". But that begs the whole question and evades the point I was asking about. I was not asking the interprovincial board to call a meeting. I said: Tom Jones and Mrs. Smith have got a raw deal; they are not getting justice; you are the head of the department, and you have the power to give or withhold a pension; it is within your province and authority to deal with that. That was my contention.

At this stage I took the matter up with the Hon. Mr. Pooley, the Attorney General, of British Columbia, with the result I have described. Somehow or other, possibly because it was hard for me to believe that a minister looking so full of benevolence as the Minister of Labour, could lend himself to these cold-blooded acts, I thought I would try once more, hope springing eternal in the human breast.

Mr. GORDON: Is the member referring to me now?

Mr. NEILL: Yes. Was the minister surprised?

Mr. GORDON: Considerably.

Mr. NEILL: I did not think it possible that anyone having such an air of genial benevolence could lend himself to such cold-blooded acts, and so, Christmas being just over, with its genial spirit, I thought I would try once more. I wrote the minister on January 22, as follows:

Dear Mr. Gordon:

I wrote you three letters last fall on the maladministration of the Old Age Pension Act in British Columbia, citing instances. I had a reply from your deputy to the effect that the points raised would be kept in mind for consideration and that a meeting of the interprovincial board might be held.

But I would point out that I was not discussing the general act or its regulations but the flagrant ignoring of the act and overriding it which is being carried on by the provincial administration. I took a specific case up with the provincial attorney general, supposing as the act says and as you yourself have stated in the house, the province was responsible for the administration. The provincial attorney general says that the province does not administer the Old Age Pension Act but that you do it through the Workmen's Compensation Board which "takes its instructions from Ottawa and not from the province." This is new doctrine to me and I think untenable. However, if so, it certainly puts it up to you to deal with any specific case of non-compliance with the act. This is not a question of discussing whether the law or the regulations should be changed but of asking you to remedy the grievance of an individual and to give instructions that he be given a pension as entitled under the law. I could cite a score of cases but I am going to deal with a specific one.

Mrs. ..... qualifies in every respect under the act and the regulations but has been refused a pension on the ground as stated in their letter now in front of me which reads as follows:

"We note that your husband is not physically incapacitated and that he is under seventy years of age. In view of this it is felt—"

What business have they to "feel"? It is the law, not their own petty ideas that should govern:

"—it is felt that he should be in a position to maintain you without receiving assistance from the public treasury. Your application therefore cannot be approved."

Note the suggestion that the woman is asking for charity. She is not asking for charity: she is asking for her rights. Then I go on to say:

They have no right to take this stand. It isn't a question of what they feel this woman should get. Neither the act nor the regulations forbid a woman getting a pension because her husband is under seventy years of age or whether he is able to work or not. The act and the regulations strictly provide how applicant's income shall be calculated and under those regulations she is entitled to a pension because neither she nor her husband are getting any income.

Later on representations were made that the woman was sick and quite unable to travel with her husband in a fishing boat and needed attendance in her home, consequently her husband couldn't even go out and fish. After much pressure the board paid some credence to this and asked a doctor's certificate which was furnished as per attached copy and certainly reveals a serious enough condition, even a non-medical man reading would know she could not go out on a fishing boat for days and nights at a time. You will note that the doctor is very specific about her condition. After receiving it the board advised her that they adhered to their former decision. There are scores of such cases, not similar except in that they refused to grant pensions to people entitled to them, but I submit this specific case to your notice and ask that you deal with it. The Attorney General of British Columbia says the board is under your orders, then I beg you to ask the board why they are not granting this pension. The Pension Act is not permissive but mandatory, if they qualify. No registrar of voters, for instance, would be allowed to refuse a person qualifying under the elections act to be placed on the voters' list because he, the registrar, "felt" that the party did not need a vote or would not make a good use of it.

Now I will quote the certificate of the doctor, and if I have not its terms strictly correct it is because doctors, as we all know, are such bad writers. The certificate is by Dr. O. O. Lyons, B.A., M.D.C.M., and is dated December 8, 1932.

To whom it may concern:

I have to-day examined Mrs. ..... She is suffering from prolapse of the womb, chronic nephritis, hypertension, and gall bladder disease. The hypogastric region is tender due to the gall bladder disease, and this makes it very distressing for her to travel and suffer the jar of a small gas boat. She is quite feeble and should have some one near or in attendance continuously. Her condition is not acute and I would not recommend any operative treatment, for her general condition would not permit it.

O. O. Lyons.

[Mr. Neill.]

One would think that such a letter would produce favourable consideration, but they turned her down. Their reply was: "Your husband is under seventy years of age, and he can go out to work." I say the act does not state anything about a woman's husband having to be under seventy years of age. It does say that if anyone is in receipt of an income below a certain sum and comes within the qualifications concerning age and residence, a pension shall be granted.

There is the situation. I have but touched upon the matter; as I say, I could go on for hours citing cases along the lines I have read. Not always the same subterfuge or excuse has been given, but always to the same end. People have been turned down—I was going to say if it were humanly possible, but I believe that would be hardly correct. On one occasion I said: "Why do you not do like the wolf about which we read in the story of Little Red Ridinghood? After the little girl had advanced good arguments as to why the wolf should not eat her, the animal lost its patience and said: 'I am going to eat you anyway'." I suggested that they should simply say: "We are going to refuse you, anyway," and not trouble to make excuses. That is the situation—and I have only touched upon it.

Is it fair and right? What is the government going to do about it? It comes home to everybody in the house; responsibility is upon us all. A few years ago there was a Conservative convention in Winnipeg at which that party firmly pledged itself to the extension of the old age pensions scheme. Therefore that party is committed. We come now to the government, every member of which is sworn to administer the laws. How often do we hear it said that no matter how painful the duty may be, a minister has to administer the laws? In case of a strike the militia are turned out. I have heard a minister say: "I am sorry to do it, but I am sworn to administer the laws, and it is my duty so to deal with the matter." In the present instance the same principle applies. I do not say it is pleasant for them to do so,—but there is the law; why do they not administer it? It says in the scriptures: "For whosoever shall keep the whole law, and yet offend in one point, is guilty of all." I would not go that far, but I would say that if a government is capable of being privy to robbing a poor old woman of $20 a month, I would not trust them with $2,000,000.

I am sorry the Minister of Justice has left the chamber, but the Minister of Labour is a lawyer. I leave it to any fairminded lawyer; faced with the conditions I have described, would they not carry out the law? Would

they not go far to carry out the law? As long as it remained on the statute books it is their duty to carry it out with fairness and equity. The minister says yes?

Mr. GORDON: I have not said anything yet.

Mr. BELL (Hamilton): I thought you had touched only the edge of it.

Mr. NEILL: There are gentlemen on the government benches—the Minister of National Revenue, and others sitting behind him—big masters of industry, who are heavily concerned in industrial enterprises; what would they think—

Mr. BELL (Hamilton): The Minister of National Revenue is not here.

Mr. NEILL: No, he is not there.

Mr. BELL (Hamilton): Yes, I say he is not there.

Mr. NEILL: Well, I did not say he was present. I referred to anyone on the treasury benches. If he was not there at the moment, that was his funeral.

Mr. POULIOT: Hamilton is not all there.

Mr. BELL (Hamilton): Who is not there?

Mr. NEILL: I never suggested hon. gentlemen opposite were "all" there.

Mr. BELL (Hamilton): Which is even better than not being there at all.

Mr. NEILL: Hon. gentlemen are pleased to be humorous, but in my view this is a very serious matter. I was referring to those multi-millionaires who are concerned with their fortunes. Supposing our friends to the left, the C.C. F.'ers, as my friend to my right called them, were in power—

Mr. BELL (Hamilton): Don't let us suppose that; it is absurd. We could not suppose that.

Mr. NEILL: You could not suppose that?

Mr. BELL (Hamilton): No.

Mr. NEILL: Are you sure.

Mr. BELL (Hamilton): It is only funny.

Mr. NEILL: Some hon. members opposite are dubious about it, right now.

Mr. BELL (Hamilton): Don't believe it.

Mr. NEILL: We will suppose some government—without giving it a name—passed a law involving extreme injustice to financial interests which they represented; how quickly they would raise a howl and say: "We want justice." Why not be as quick to ask justice from this house to remedy an injustice such as I have described? They might look a little bit ahead,—"With what measure ye mete, it shall be measured to you." If you do not give justice to the poor old men seeking a pension to-day, do not ask us for sympathy if your toes are trod on in years to come.

The Liberal party claims credit for passing old age pension legislation; then certainly they should defend it. The Labour party also claims, with a good deal of sincerity, a great measure of the credit for having passed that legislation. And as the ranks of the old age pensioners are generally—although not always—recruited from the labouring class, they ought to be particularly sensitive about any injustice being done. Then apart from that there is the matter of precedent. If this law is abused, forgotten and ignored, why not others? There are people in Canada, and even in this house, who no doubt would think it a good idea to put the hon. member for Winnipeg North Centre (Mr. Woodsworth) in gaol, and keep him there—

Mr. BELL (Hamilton): We would lose all our fun if we did that.

Mr. NEILL: Such action would not do the hon. member for Winnipeg North Centre half the harm that is done to these poor old people. He would receive tremendous advertising through the press; he would soon be out of gaol on a writ of habeas corpus and would suffer no injury. He has been in gaol before, anyway. But we cannot help the poor old woman with a writ of habeas corpus; she is helpless. She has nothing to look forward to but old age and destitution. Then there is this main argument, which must beat a responsive chord in every man's breast, namely the sense of fairness as between man and man, and woman and woman.

Mr. BELL (Hamilton): That is right.

Mr. NEILL: This is not a matter of popular appeal. I have no press behind me. There are no great financial interests involved; they will not worry much about the old woman's position. No columnist will be able to write a snappy article about the drab dreary record of a poor old woman's efforts to live on a couple of dollars a month. You cannot make snappy copy out of that. In the very nature of things, these people are poor, financially down and out, unknown in public, private or political life. "There are only a few thousand of them—why bother? Their votes won't amount to much in a public way, anyway. Why bother about them?" Well, they belong to the same class as they about whom it was once said, "Inasmuch as ye have done it unto

one of the least of these my brethren, ye have done it unto Me." At least they belong to that class. Perhaps in the sight of the Ruler of the Universe they are just as important as any king, knight, prince, premier or any of the rest of us.

I am not given to suggesting a filibuster or obstruction, but if I had six supporters in this house I would guarantee that not a cent of money in supply would be voted until this wrong had been righted. That is what supply is for; that is why we are here. I would not consent to supply until at least I had a promise—

Mr. COTNAM: We would be here all year if there were six like you.

Mr. NEILL: I am sorry I did not hear the hon. member's remark, but I recall it is said that the fresher the fish is, the better and more beautiful the fish. Of course that does not apply to the hon. member. It only puts him into the poor fish class, when he sees fit to make such interruptions.

Mr. COTNAM: A pretty stale old fish, I tell you.

Mr. NEILL: Quite so.

I place the responsibility on the house, on the government and on each individual member thereof. As to how they discharge that responsibility they will have to answer at the bar of public opinion at the next election, and possibly also at the bar of a higher court, the summons to which is inevitably drawing nearer for us all.

Now I want to ask the Minister of Labour specifically whether he endorses the statement of the Attorney General of British Columbia that his department is giving instructions to this board in that province. Whether the minister's reply is yes or no I want to ask him if he does not realize his responsibility as the supervisor of this large sum of federal money which is contributed, and whether he cannot and will not insist on justice being done. I shall be very glad to furnish the minister with the fullest details of these specific cases, names and everything, and I would beg him on bended knee, if that would be any good, to remedy the conditions which exist. I will be his henchman for ever and ever if he will do justice to these poor people.

Mr. GORDON: I am sure I appreciate the feelings of the hon. member when, during the course of his activities in his own province or elsewhere, he sees some human who is not enjoying as comfortable an old age as the ordinary person perhaps feels he is entitled to enjoy. It is a difficult situation; it is one of those complexities of human life that we have encountered since history began and which I presume will continue to the end. No one sympathizes with the hon. member more than I do; I am sure that when he sees such conditions as he has described it does not give him any sense of satisfaction.

With respect to the act itself, it is a dominion statute passed by this chamber for the purpose of providing the money to pay a proportion of an old age pension to those who come under the provisions of the act and the regulations in connection with it. For reasons upon which I need not enlarge our share is in the nature of a contribution; the fund is administered by the provinces, and the act itself is administered through the agency of the provinces. The agreement is entered into with the provinces, and the regulations are submitted to the provincial authorities. The act contemplates that these regulations shall prevail for a certain number of years. The regulations, it is true, have been varied from time to time, and were changed but a short year or so ago.

This is social legislation of a kind that all countries have not adopted. All countries do not see the force of the principle that underlies this measure. I cannot agree with the hon. member for Comox-Alberni in his suggestion that there is not a direct responsibility upon the sons and the daughters to see that their aged parents receive that support to which they are entitled. I never have been able to bring myself to view with indifference the thought of children in positions of affluence or comfortably well to do who are permitted to take the attitude that they do not owe a responsibility to their parents far greater than any responsibility the state may owe. If we permit an undisciplined administration of this or any other act, thereby relieving those who are primarily responsible for the care of their immediate blood relatives, then I feel confident that we are not going along the path we should follow, because it will not be long until there will be no feeling of responsibility on the part of the children to contribute to the care of their parents in a large number of cases. To encourage the younger people of this or any other country whose aged parents are alive to follow that line of thought is something that will not help in the future and will not tend to build up that class of society I want to see in this country.

Therefore, Mr. Chairman, I say it was a proper thing for the provinces to pass acts similar to that to which reference has been made, under which children who are able to contribute to the support of their parents and refuse to do so will find the law set in motion

to force them to do their duty. I believe that is proper and sane legislation. On the other hand I say that any of these acts that tends to take care of those who happen upon misadventure or who are entering the twilight of their lives without adequate support should not destroy that sense of responsibility, of respect, of love and affection that the child should bear towards his parents.

With respect to the province of British Columbia, it is obvious that as Minister of Labour I cannot inquire into individual cases; I think hon. members will readily realize that it would be utterly impossible for me to do so.

Mr. NEILL: Why not, in a specific case?

Mr. GORDON: I am coming to that in a moment. When a complaint does come to the department that those administering this act in any province are perhaps not administering it as the law and the regulations contemplate, then it is the practice of the department—and I was very much surprised to hear the hon. member for Comox-Alberni say that the practice was not followed in his cases—to direct the attention of the provincial authorities to the case in question, asking them to investigate it and determine to what extent the complaint is well founded. After this item passes I should be very glad indeed if the hon. member would give me a list of the letters he has written to which he says he has had no reply, with their dates and the names of the cases, and I can assure him that I will have them investigated and a report furnished me in order to see to what extent, if any, the law and the regulations have not been enforced in British Columbia.

In order that hon. members may not judge the province of British Columbia only in the light of these cases to which reference has been made by the hon. member I think it desirable to give some figures. In the province of British Columbia the percentage of pensioners to the population over seventy years of age, actually receiving pensions under this act, is 50·72. Compare that with the province of Ontario, for instance, where the percentage is only 34·62. Having that general picture before us we will see that generally throughout the province of British Columbia there must have been a very generous interpretation of the act and the regulations with respect to those aged people who fall within the provisions of the act. That is as far as I can go with regard to the figures.

Mr. STEWART (Edmonton): Has the minister the figures for Alberta?

Mr. GORDON: Alberta, 51.20, about the same as British Columbia, and Ontario, 34.62. Ontario, I may say, has the law to which I made reference with respect to the necessity of children contributing to the care of their parents. I do not know that I can add anything more to what I have said. The province certainly sets up the machinery to administer old age pensions, and if the interpretation of Mr. Pooley's letter is that they do not administer the act, then I very respectfully suggest that that gentleman has misconstrued the position with respect thereto. The machinery in British Columbia I am told is operated through the agency of the Workmen's Compensation Board and unless there is something radically wrong with the set-up of that board I doubt whether there are people better able to determine who should or should not receive old age pensions, having regard to the experience of the board in workmen's compensation cases. I do not want to be unfair to those who are administering the affairs of the provinces, because they have great and difficult problems to face; but there are bound to be some instances in the administration of an act of this sort where it might appear that through one cause or another, or through a combination of causes, there has been a hardship, that someone has not been given that consideration to which his case entitles him. I can only repeat that if the hon. member will supply me with the dates of his letters and the name of the applicant, the department, on my instructions, will investigate as I have indicated and see that justice is done, if it is found that there has been injustice in the premises.

Mr. NEILL: I am much indebted to the minister; what he says shows that my faith in his benevolence is not altogether unfounded. I am glad to hear him say that he will investigate these cases and I am quite satisfied to abide by his decision. He will find that they are as I have stated and that injustice has been done. Indeed, the situation is so bad that a lawyer in Victoria, acting probably without recompense, took up a case and entered a mandamus against the officials.

Mr. GORDON: Did he succeed?

Mr. NEILL: It was thrown out of the first court on a technicality, on the ground that he should have proceeded not by mandamus but by fiat, and in the second court it was thrown out on a similar technicality.

Mr. GORDON: He never got to first base with his case.

Mr. NEILL: The thing has got to be so notorious that a society has been formed in Vancouver—there is nothing to be gained by it personally, so far as any member of the society is concerned—to try to have justice done these people.

I want to comment on one or two points made by the minister, wherein in my opinion he was not quite fair. He quoted the percentage of people over seventy in British Columbia as 50.72, and this he said showed that they must have been treated very generously in that province. Well, you can always prove anything by figures, but I submit that the figure quoted by the minister does not show the conclusion which he reached. What it does show is that there are more elderly people, especially bachelors, in British Columbia than young people, and that makes the percentage of those over seventy years of age greater.

Mr. GORDON: More than in Ontario?

Mr. NEILL: Yes. There are not as many young married people in British Columbia but far more elderly people, bachelors particularly, and it is well known that all the cranks drift west and stop there. I am myself an instance. The minister also said that he hoped it was not due to the personnel of the board. No; the personnel of the board are all right; I know them personally. But if their instructions are wrong—

Mr. GORDON: They must follow the regulations.

Mr. NEILL: I sincerely wish they would follow the regulations, but it is their secret instructions that are wrong. If they would follow the regulations as I have outlined them, although I do not approve of some of the regulations the minister made last February, old people would generally be able to obtain pensions under reasonable conditions.

The minister dealt with the Parents' Maintenance Act and he took the sound standard ground that a man certainly should be held to take care of his parents if he is able to. But I am not dealing with cases where children are able to take care of their parents; I am referring to those who are not able to do so. Can it be said that a man receiving $5.60 a month on relief is capable of supporting his parents? I asked the province to administer the Old Age Pensions Act on the face of it, so to speak, and if they thought that the children were wealthy and able to pay their share then the province could sue. The province has the authority and the money, and a poor old man or woman should not be placed in the humiliating position of having to sue his or her children when they know that the children would be quite willing to help if they could.

I deprecate the attitude taken by the board when they say, "You are asking for charity and we feel that you should not become a public charge". But I submit it is not public charity; it is a public right. These people have as much right to receive a pension if they qualify as I have the right to vote if I have the qualifications. I shall be glad to furnish the minister with the information he asks for and if he deals with these cases it will perhaps lead to a better interpretation of the act in British Columbia in the future.

Mr. GERSHAW: I would direct to the attention of the minister one particular case with regard to which I have had correspondence, though not with this department. A man has lived thirty years or more in Canada and is eligible in every way for old age pension, except in this regard, that during the last five years he has lived three years in Saskatchewan and two in Alberta. When he writes to Alberta they say he has not been five years in that province and that therefore they cannot do anything; he writes to Saskatchewan and they say he has not been resident five years there and so they cannot do anything either. I understand that there is an arrangement among the provinces that if a period of twenty years has been spent partly in one province and partly in another they will divide the costs, but apparently there is no such arrangement with respect to the last five years. Will the minister let us know whether there is a possibility of a man in such a situation getting a pension. It so often happens that people living close to the border between two provinces move from one province to the other and thus are at a great disadvantage.

Mr. GORDON: The question raised by the hon. member was given consideration at the provincial conference. I have the matter now before me and there is no doubt about it, if the principle of the legislation itself is sound, that there is what would appear to be the exclusion of a certain class by reason of provincial boundary lines. However, I hope that the difficulty will be determined by agreement.

Mr. SPEAKMAN: One phase of the question raised by the hon. member for Comox-Alberni has been brought to my notice and it does seem to me to show a rather harsh interpretation of the law. I refer to the case

where the aged person owns certain property which is non-revenue-producing and which still may be assessed at a fair figure. I might cite one case by way of illustration of this point. It is a man of eighty-six who put in forty-five years in my district farming. He came there from the old country, one of the fine type of old English farmers. He worked hard and did fairly well. Unfortunately he was of generous instincts, although a Yorkshireman, and the little money he made he loaned on mortgage to certain of his neighbours who, being farmers, are utterly unable at this time to pay a cent of principal or interest. He still has the old quarter-section, and manages to have it farmed and to get out of it just about enough to pay the taxes on it. But in applying for old age pension—and he has paid taxes for forty-five years—he forgets that phase of the regulations; the department have taken an estimate of all his property, have placed a fairly high assessment on it, and assume that he is getting or should get five per cent on that amount. The fact is that for six years to my knowledge he has not received $2 on it, nevertheless he is down in their books as receiving an estimated income of five per cent on that property. He is perfectly willing to turn the property over to the department, and to sign a quit claim giving them the right of collection so that if anything comes in later they will get it. But in the meantime he has to live, and he is being refused pension on that ground; although, as I have said, there is no income from that property, it is assumed that he is getting five per cent on the assessed value of it. I think that is rather a harsh provision, and I would like to have it looked into. By the way, although the man is an Alberta man it was the British Columbia government that made that ruling.

Mr. STEWART (Edmonton): I was just going to speak about the same matter but from a different aspect. I came across several cases in our province last year, which I think indicates one reason why the percentages are swelled somewhat, in which parents who had children in comfortable circumstances and who owned property, apparently under some provision of the act are able to turn the property over to the department and receive a pension. I know three such individuals who in my estimation could not qualify for old age pension.

Mr. GORDON: They do not turn their property over to this department.

Mr. STEWART (Edmonton): No, I mean to the authorities in the province, and they, I assume, administer the property. I cannot understand why the same procedure was not adopted in the case mentioned by my hon. friend from Red Deer. The thought that occurred to me was that rather than being stringent there was considerable leniency exhibited in the administration of the act; for frankly I could not see why these persons should receive old age pension, why they should not carry on with their own property and live on the receipts. In one case particularly both husband and wife are in receipt of $20 a month each. No cases of hardship have come to my notice, but those cases caused me some surprise to find the act was interpreted so generously. The case mentioned by my hon. friend would come within the same category.

Mr. SPEAKMAN: The hon. member asks why the old man did not live on the receipts from his property. I stated that there were no receipts of any kind, but that it was assumed by the department that there were.

Mr. REID: I was pleased to hear the minister's remark regarding transients. Numerous cases with regard to old age pensions have been brought to my attention, and I am going to cite one which was referred to me since I came to Ottawa, that of a woman of Canadian birth resident four years in British Columbia and sixteen years in Saskatchewan. British Columbia said: You have not been here long enough. She wrote to Saskatchewan; Saskatchewan paid no attention. I took it up with the Saskatchewan department but I have heard nothing from them. The minister says it is a provincial regulation, but I think there should be some dominion control in regard to such cases. I suppose Saskatchewan takes the view that these people having left the province, they need pay no attention to them. The act needs tightening up in that regard. I would ask the minister what he would do with regard to people who, having resided in another province for many years, move into British Columbia but are not there long enough to come under the British Columbia act.

Mr. MacINNIS: I believe the old people of British Columbia owe a debt of gratitude to the hon. member for Comox-Alberni for the very excellent case he has made in regard to getting the administration of this act improved. I was privileged to see much of the correspondence that the hon. member for Comox-Alberni had in regard to this matter. A good many cases of somewhat the same character have been brought to my attention. One man lived in British Columbia thirty-five years, brought up his family there, and now finds himself without any means. He was in every way entitled to pension under the

Old Age Pensions Act, but when he made application they told him he could not qualify because he had adult children living in the province. Apart from the fact that some of his sons were out of employment, I think as the hon. member for Comox-Alberni has said it is asking too much to expect a parent to prosecute his son for lack of maintenance. If prosecution of that kind has to be undertaken, those administering the act should do the dirty work. The minister made reference to the duty of children to look after their parents when they come to an age when they are not capable of looking after themselves. That really is rather strange. I have heard biblical authority quoted in this house for many things; may I give one quotation on this point? I think it was St. Paul who said that it was not for children to make provision for their parents, but for parents to make provision for their children. In any case I think that is fairly good philosophy.

The other point that I wish to make is in regard to the interpretation of the act in British Columbia. The minister quoted the percentage of old people receiving pensions in that province, suggesting that it showed the administration had not been unduly restrictive. I think the hon. member for Comox-Alberni answered that very well. It must be remembered that British Columbia was the first province to come under the act, and for that reason would have more people receiving old age pensions than a province that came in later.

Mr. GORDON: That would not have any bearing upon it.

Mr. MacINNIS: It would have a great deal, because a province that has been under the act only six months would not have as many as one that has been under it a much longer period.

Mr. GORDON: It applies to everyone within the age.

Mr. MacINNIS: Quite so. We have other pension legislation in this country; does anyone suggest that some other act should be invoked to do these people out of their pensions? Would we suggest that because a judge has children who should be able to keep him, he should not get his pension? Why can we not apply the same measure to old people who because of poverty come under the old age pensions legislation, as we apply in the case of judges who for many years before their retirement received good salaries? Moreover, on some cases they are drawing other salaries in addition to their pensions. It is time we should deal more fairly with the old people who are not able to do anything for themselves.

Mr. MITCHELL: Along with the hon. member for Kenora-Rainy River, I had the honour of signing the agreement that brought old age pensions into force in Ontario. The members of the labour movement have always felt that this should be an old age pension act, providing a pension to be paid to the aged people for services rendered to the state and to the community. Mention has been made of the Parents' Maintenance Act. The minister says that the law should be set in motion to place the responsibility on the children, but the law is not set in motion. In Ontario the Parents' Maintenance Act was a dead letter until the passage of the Old Age Pensions Act.

Mr. GORDON: What does the hon. member mean by that?

Mr. MITCHELL: Well, it was not used.

Mr. GORDON: I do not think the hon. member is correct in that.

Mr. MITCHELL: I am speaking in a broad way. It is not used even to-day. I do not think there will be any contradiction of that statement.

Mr. GORDON: Well, I contradict it.

Mr. MITCHELL: I believe the responsibility should rest upon the province. I want to qualify that by this statement, that I do not think it is anybody's business what the income of the old person is. The pension should be treated purely as one paid to the old people, as I said before, for the contribution they have made in building up this country.

Mr. GORDON: Whether they need it or not?

Mr. MITCHELL: That is not the question. If they do not need it, they do not have to apply for it. But as the hon. member for Vancouver South said, in relation to the expenditure of the country, it stands in the same position as the pension of a judge who is paid one for the contribution he has made to the state. I am glad the minister cleared up the question with regard to the responsibility for administration of the act. From the remarks of and the letters read by the hon. member for Comox-Alberni, I felt that the federal government at least had given instructions in connection with the regulations and that the responsibility was

taken away from the provinces and now rested entirely with the federal authorities. Had the federal government accepted the full responsibility for the payment of old age pensions, in accordance with the policy enunciated by them at the last federal election, it is fair to assume the whole administration of old age pension legislation would have to be taken over by the federal authorities.

There is a great deal to be said in connection with the residence provision. Before an applicant for a pension comes within the jurisdiction of the legislation five years' residence in a province is required. Supposing an old person lived in Manitoba for thirty years and then moved into Ontario, it is unfair that he should be disqualified from receiving a pension. That is a point which might well be taken into consideration by the government. But I want to reiterate, so far as Ontario is concerned, that the provincial commission has not proceeded under the Parents' Maintenance Act; it has just taken it for granted that the children can make some contribution to the maintenance of their parents. I am not going to weary the house by quoting many cases I could cite, but the fact remains that in many instances pensions have been reduced where, in my judgment, there has been absolutely no justification when one considers the income received by the children themselves.

Mr. HEENAN: The hon. member for East Hamilton put his finger on a very delicate subject when he said that he thought the federal government ought to take over in its entirety the administration of the old age pensions scheme. I am satisfied that the people of Canada are looking for the federal government to carry out its pledge in that regard. I am also satisfied there would be more complaints along the lines of those which have been brought up by the hon. member for Comox-Alberni, were it not for the fact that the people of Canada are waiting, before this parliament dissolves, for the federal government to carry out its pledge and to take over the old age pension plan as a national obligation. In the meantime I think the minister will find that many of these grievances arise out of the fact that the provincial governments are complicating the matter by mixing up two statutes, the Old Age Pensions Act and the Parents' Maintenance Act.

The Old Age Pensions Act, as enacted in 1927, is very clear and specific, in that it provides a pension for a person who is a British subject and is not in receipt of an income of as much as $365 a year. It does not say: "Provided the children cannot maintain their parents." It is true the Parents' Maintenance Act in the provinces contains that provision, but the Old Age Pensions Act that we have on the statute book of Canada provides that if a person is not in receipt of an income of $365 a year, he is entitled to an old age pension. Where the provinces come in is that they suggest that, notwithstanding the fact that a person is entitled to a pension under the old age pension plan, they can invoke the power vested in them by the Parents' Maintenance Act. I contend that the hon. member for Comox-Alberni is right when he says that the old people should receive the pension as provided under the Old Age Pensions Act and then, if the provinces have any rights in the matter under the Parents' Maintenance Act, they should sue the children under that act. But in no case does the Parents' Maintenance Act of a provincial legislature have any right to prohibit the payment of a pension under the Old Age Pensions Act.

With regard to the question brought up by the hon. member for New Westminster and the hon. member for Medicine Hat with respect to the five years' residence, I may say for the information of the minister, who was not in the house in 1927 when we enacted this law, that for the protection of British Columbia the five year residence provision was at that time inserted in the act. British Columbia was the first province that signified its willingness to come in under the act, and we realized that if only one province came in there would be a rush of older people from the rest of the country into British Columbia. So we inserted the five year residence provision in order to protect that province. The day for the need of that protection has gone by. Five provinces are now participating in the old age pension plan, and I am satisfied that the provinces would be quite willing to eliminate that five year residence provision, or leave it at one year if there is necessity for such a provision. I would urge the minister to give consideration to that question, because I know that before I left office the five provinces were quite willing that the five year residence provision should be eliminated from the act. I would ask the minister if there are now any more provinces participating in the old age pension plan than there were in 1930, and how many old age pensioners there are at the present time.

Mr. GORDON: At the present time the provinces which have adopted the old age pension scheme are Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. The

other provinces have not. The question of the five years' residence, of course, has been the subject matter of discussion and debate; at least, I saw some fragmentary references to it over the past few years in the files of the Labour department. There is the danger that aged people will cross the border of a province that is not under the act into a province that is, and the province that happens to be under the act will suffer acordingly a severe burden.

With respect to the administration of the act generally, while I cannot deny that there may be, and probably are, individual cases of hardship where perhaps the province in its administration of the act, or its officials, have not conformed strictly to the act or to the agreements and regulations, yet the volume of opinion which I have had the opportunity to review is that the act generally is being administered very generously. In fact, as was pointed out by the hon. member for West Edmonton, the officers administering the act apparently have rather tortured the regulations in order to bring people within its scope. I will bear in mind what the hon. member for Kenora-Rainy River has said, and see what can be done. Answering his last question, the total number of pensioners as of December 31, 1932, was 70,516.

Mr. HEENAN: Can the minister give us any information with respect to Nova Scotia and New Brunswick, both of which provinces in 1928 I think passed acts enabling them to make agreements with the Dominion government, which acts were not to come into effect except on proclamation?

Mr. GORDON: That proclamation has not yet been issued.

Mr. HEENAN: Does the minister know any reason why?

Mr. GORDON: No.

Mr. HEENAN: Can the minister tell us whether or not this government intends bringing into effect a national system of old age pensions and administering it federally?

Mr. GORDON: Of course, constitutional questions might arise between the Dominion government and the provinces if the Dominion government adopted that course. At the moment I am not in a position to answer that question.

Mr. ILSLEY: Has the government made any estimate of how much it would cost this government to pay old age pensions all over the Dominion of Canada out of the federal treasury?

[Mr. Gordon.]

Mr. GORDON: That would depend in large measure upon the number of those eligible by reason of age who took advantage of the legislation. I am afraid it would be difficult to hazard an opinion as to what it would cost.

Mr. ILSLEY: No estimate has been made?

Mr. GORDON: I am told that there was an estimate made in so far as it could be made. Unfortunately I have not the figures before me, but I shall be glad to give them to my hon. friend.

Mr. ILSLEY: I am asking now for the figures. I should not think it would be very difficult to make an approximate estimate of the cost. The government could take its experience in the provinces which have adopted old age pensions and make the necessary allowance for the increased number of those over seventy years of age in the eastern provinces—because I believe there is an increased number there—and in that way arrive at an estimate of the cost. I was wondering if the government had not done that. I say that because, as the minister probably knows, this was one of the live questions in Nova Scotia in the election of 1930. I do not suppose there was any canvass that was responsible for getting more votes for the Conservative party in Nova Scotia than the definite promise to pay old age pensions in full out of the federal treasury. Those of us who went through that election have a vivid recollection of the strength of the canvass that was made against us because we were supporting a policy of a fifty-fifty contribution as against a policy of one hundred per cent contribution out of the federal treasury. The Prime Minister himself wrote a letter which went to a very large proportion of the aged people in Nova Scotia in which he definitely promised that if returned to power his government would see that old age pensions would be paid in full out of the federal treasury. But the government has not done it, and so far as I know they have not any present intention of doing it.

Mr. CASGRAIN: Another broken promise.

Mr. ILSLEY: It appears to be and was a cold-blooded violation of an exceedingly definite preelection promise.

Mr. YOUNG: Did the people believe them?

Mr. ILSLEY: Yes, a great many of them voted that way on the strength of that promise. If possible I should like to get from the minister such an estimate, if one has been made. I should also like him to tell me, if

he can, whether the government have abandoned that policy, or whether they have any intention of carrying it out some time, and if so, when.

Mr. GORDON: I shall be glad to look into the question of the estimate and send the hon. member any figures which are available in the department on the subject.

Mr. ILSLEY: What about the preelection promise?

Mr. GORDON: I never make any promises as to the future.

Mr. ILSLEY: The hon. member for Kenora-Rainy River asked the minister the same question, whether the government has any intention of carrying out that preelection promise of 1930. Has the government any intention of carrying it out?

Mr. GORDON: I am not in a position at the moment to answer that question.

Mr. HEENAN: I think, Mr. Chairman, the minister ought to answer the question more seriously.

Mr. GORDON: I was never more serious in my life.

Mr. HEENAN: I think, Mr. Chairman, that you coming from Nova Scotia do not want this item carried until we get that information because you are aware that no people were ever deceived so much as were the people of Nova Scotia in the last election on this question. I was down there during the election and I could not hear anything else but the Conservative candidates promising a federal system of old age pensions, and the Prime Minister himself iterated and reiterated that policy from every platform from one end of Canada to the other. The government has now been in office for nearly three years and nothing has been done to carry out that promise. I do not think the minister should get away with simply saying that he cannot state whether the government is going to do it or not.

Mr. McGIBBON: What about your promises to the soldiers of a gratuity for everyone in 1921?

Mr. HEENAN: Will any member of the government say that they did not promise a national system of old age pensions in 1930? Even in the Conservative platform of 1927 the words, as I recall them, were that the old age pension system as at present existing was unworkable and inadequate, and the Conservative platform called for a national system of old age pensions. During the last election the Prime Minister and his colleagues and his candidates from one end of the country to the other, but particularly down in Nova Scotia, where the people were not receiving old age pensions at all, made a very definite promise. I recall very well the pledge of the present Minister of Finance. Surely we ought to have an answer from the minister with whose estimates we are now dealing. If they are not going to do it, we ought to know it; if they are considering it, we ought to know it; if they are going to do it, the minister ought to make an announcement. They ought to be proud to state that is one pledge they intend to carry out. I do not believe the minister should treat the matter as lightly as he seems to treat it.

Mr. GORDON: The hon. member for Kenora-Rainy River should not say that. I do not treat these matters lightly, and he knows that perfectly well. Unquestionably after all he did when minister in the Department of Labour in connection with old age pensions and matters concerning people who do not have too much of this world's goods, he must know that these matters present many difficulties. The question of the administration of the contribution towards old age pensions has been given consideration by the government. The percentage has been increased, and whether or not it will be increased further has been the subject of consideration. I am not in a position now to say, without a great deal of further consideration, that any further change will be made with respect to the percentage the dominion will pay. The hon. member has said it was an election promise. Well, I have not been long enough in politics to know just to what extent election promises should be kept. But I do know—

Mr. CASGRAIN: You are too good to stay in politics.

Mr. GORDON: I do know about a lot of promises made in the Liberal manifesto of 1919 which were not kept. I have no doubt that in some instances efforts were made to keep them, but there was a wholesale disregard of others. Undoubtedly they were but pious hopes. Perhaps one might say that it is a poor man who cannot make a promise.

Progress reported.

On motion of Mr. Bennett the house adjourned at 10.55 p.m.

Tuesday, March 7, 1933

The house met at three o'clock.

BANKING AND COMMERCE

Mr. R. C. MATTHEWS (Toronto East Centre) presented the third report of the select standing committee on banking and commerce.

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

That the name of Mr. Speakman be substituted for that of Mr. Coote on the select standing committee on banking and commerce.

Motion agreed to.

IMPERIAL ECONOMIC CONFERENCE

On the orders of the day:

Mr. JOHN VALLANCE (South Battleford): I wish to ask a question of the Minister of Trade and Commerce. Under article 6 of the agreement entered into at the Imperial conference of July last it is provided that Canada shall have the right to free entry of 2,500,000 hundredweight of bacon and ham. I notice a dispatch from London wherein this has been contradicted; it is claimed that a mistake was made by the typist and that there is one "0" too many. They claim that we have the right to only 250,000 hundredweight.

Mr. BENNETT: There is nothing in the report.

TREATY WITH FRANCE

On the orders of the day:

Mr. S. W. JACOBS (Cartier): Is it the intention of the government to table the proposed French treaty this session?

Right Hon. R. B. BENNETT (Prime Minister): The matter is under consideration.

DUTY ON BRITISH IMPORTS

On the orders of the day:

Hon. E. B. RYCKMAN (Minister of National Revenue): The hon. member for North Waterloo (Mr. Euler) yesterday asked me a question, which I said I would answer to-day, in regard to the possibility of reducing the value of the pound sterling for customs purposes from $4.86\frac{2}{3}$ to a lower figure. All customs rates for duty were originally fixed upon that value.

I feel that at the present time, in view of the disturbed condition of exchange quotations, it would be unwise for us to consider any alteration in the present arrangement until it becomes apparent that exchange quotations are more stabilized. Changed circumstances with changed requirements may quickly come.

It might be appropriate at this time, however, without entering into too much detail, to explain to the house the circumstances which prompted the government to establish the present basis.

In September, 1931, the commodity price index wholesale in Great Britain as published in the Bank of England Statistical Summary was 99.2. In that month, as all hon. members are aware, Great Britain suspended payments in gold, and the immediate result was an increase in commodity prices in Great Britain. For October, 1931, the figure was 104.4, and in November, 106.4. Since that time the index figure has moved closer to the 100 mark, and in the month of October, 1932, it stood at 101.1, November 101.1, and in December, the last month for which figures are available, it was 101. Comparing that figure. therefore, with the index as in September, 1931, it will be noted that there is actually a slight increase in wholesale prices in Great Britain.

If prompt action had not been taken by our government in September, 1931, to continue to value the pound sterling for customs purposes at $4.86\frac{2}{3}$, the net result would have been that the tariff against Great Britain up to about twenty per cent would have been wiped out, and in some cases indeed the British exporter to Canada would, owing to exchange, be receiving a bonus.

Action could perhaps have been taken by way of special surtax or quota system as has been done by other countries who were faced with unfair competition from countries whose currency had become depreciated, but we adopted the more moderate course of endeavouring to maintain so far as was possible the status quo, with this slight exception that having regard to the fact that there had been an increase in commodity prices in Great Britain variously estimated by experts at the time at anywhere from seven per cent to ten per cent, we decided that although regular duty would be assessed on the basis of $4.86\frac{2}{3}$ to the pound sterling, special or exchange dumping duty would only be collected on a basis of $4.40 to the pound sterling, which represents approximately a discount of ten per cent from the par value.

Since that time representations have been made to me both to increase and to lower the

figure of $4.40, but everything considered I believe it has been fair and reasonable to all interests affected.

As I stated at the outset, I do not believe this would be an opportune time to make any change in this arrangement.

Mr. MACKENZIE KING: While speaking of matters pertaining to the Department of National Revenue, perhaps the minister would explain the rulings given yesterday by his department and the reasons therefor.

Mr. RYCKMAN: There was only one ruling made by the minister of which the minister had any knowledge. It happens in the ordinary course of business that it is necessary to determine on the spot how an entry should be treated. The result was that our officials were consulted with regard to an entry and, not knowing at what rate the exchange should be computed, they inquired of one of our largest banks as to what they were to do as respects exchange. The answer came that the last rate that was published was $1.18. If they wished to be secured against risk, they would be safe in putting it at $1.25 and making their adjustment afterwards. They adopted the course taken upon the statement of the bank that that was the proper thing to do. Owing to an indisposition I was not in the house yesterday afternoon or evening, but I read the announcements made in the evening papers. I considered the matter, consulted with those who were interested and made up my mind that in view of the special emergency in the United States and the fact that the par rate is dollar for dollar and no quotations were available, and as some special order had to be given, the fair thing to do would be to set a rate of par for par until we had some different information. With that in view I sought to make it clear that it would be only fair at this time and until the matter was settled, which will be no doubt by Friday, that par for par and dollar for dollar should be the prevailing rate.

Mr. MACKENZIE KING: Having in mind what the minister has just said, I should like to know if it is customary for an official in his department to give a ruling and make an order without the knowledge of the minister?

Mr. RYCKMAN: I do not think that is so. I have explained the circumstances in this case and, frankly, I can imagine some measure of excuse for a collector at a port telephoning to the bank and asking for its best knowledge upon the matter and acting in accordance with what the bank thought he ought to do. I think we would do likewise.

Mr. CASGRAIN: No ministerial responsibility.

Mr. IRVINE: Mr. Speaker, we would like to be informed of the subject matter of the conversation now being carried on.

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

Hon. R. J. MANION (Minister of Railways and Canals) moved the second reading of Bill No. 37, respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific Railway system, and for other purposes.

He said: Mr. Speaker, I do not think it is necessary at this stage of the discussion for me to give any detailed explanation of the bill now before the house. It will be sufficient to say that the bill contains three parts, the first dealing entirely with the Canadian National Railways and the second and third with the two transcontinental railways. The first part deals with the appointment of trustees for the Canadian National Railways, the auditing of its accounts, its annual budget and its annual report to the parliament of Canada; the second part deals with suggested methods of cooperation between the Canadian National Railways and the Canadian Pacific Railway, and the third part provides for the setting up of arbitral tribunals for the settlement of disagreements or disputes arising out of the proposed cooperation.

As the house well knows, this bill is based upon the report of the royal commission on transportation, sometimes called the Duff commission. That commission was appointed on November 20, 1931, and made its report on September 13, 1932. The commission was appointed not at the request of this or any other government but really upon the proposal of the heads of the two railways. In the first place, it was proposed by Sir Henry Thornton when he appeared before the select standing committee on railways and shipping, which committee reported to the house on July 16, 1931, in the following words:

Your committee desire to call the attention of the house to the proposal made by Sir Henry Thornton at one of the sessions of the

committee. He referred to the serious position of the transportation business generally and recommended that a commission be appointed for the purpose of considering the whole question of Canadian transportation. Your committee regard such a recommendation coming from such a source at this time as worthy of the serious consideration of the government.

A moment ago I stated that the appointment of this committee had been proposed by the heads of the two railway companies, and I think the Canadian Pacific Railway can be linked up by a statement made recently by Mr. Beatty before the Canadian Club of Toronto. A pamphlet was circulated, I assume by the Canadian Pacific Railway, entitled, "An Address delivered by E. W. Beatty, K.C., LL.D., chairman and president of the Canadian Pacific Railway, before the Canadian Club." This speech was delivered on January 16 last. Mr. Beatty said:

We come now to the events of the last two years. In 1931, during one of the sessions of the special committee of the House of Commons which has annually considered the report and appropriations of the Canadian National Railways, questions were asked which led me to think that the time would be opportune for an inquiry into the whole question of transportation in Canada by an independent tribunal; that much good might result and that at least there would be given much information of value to the public as a whole.

I had for two years prior been very apprehensive as to the railway situation. Our traffic had fallen rapidly, our debts had increased and the deficits of the national lines were great. So I conferred with the former president of the national railways and suggested to him that during the course of his examination by the committee he might advise such an investigation as I had in mind. He readily agreed and made such a recommendation. It was unanimously adopted by the committee and later was unanimously approved by the House of Commons. The government acted upon the recommendation of the house, and the so-called Duff commission was in due course appointed.

I quote this speech of Mr. Beatty's in order to show that the heads of the two railway companies were unanimous in suggesting the appointment of this commission. It will be remembered that when the select committee on railways and shipping made its report to the house, that report included the clause which I read a moment ago. The report of that committee was unanimously adopted by this house and as far as I know it was supported generally by the press and public of this country. The government felt it to be its duty to look around and endeavour to find a commission which would be above party politics and have such outstanding ability that its report would be accepted with a great deal of confidence by the people of this country.

[Mr. Manion.]

A commission was appointed with the Right Honourable Mr. Justice Duff, an outstanding jurist of Canada, as chairman. There were also upon the commission representatives of Great Britain and the United States, it being felt that such representation should be had upon the commission in view of the fact that the bonds and stocks of the Canadian Pacific Railway were held to a large extent in Great Britain, while the bonds of the Canadian National Railway were held to a large extent in the United States. It was felt to be only fair that these shareholders should be represented upon a commission in whom they would have special confidence. Lord Ashfield, a gentleman who had made a reputation in the United States and later on in Great Britain in transportation matters was appointed. Another appointment made was Mr. Loree, the president of the Delaware and Hudson Railway. While not the president of one of the larger railways in the United States, Mr. Loree was looked upon by most people in that country as one of the outstanding authorities upon railway matters. He has succeeded in carrying his own railway through these very trying times in a splendid condition. The other Canadian representatives besides the Right Honourable Mr. Justice Duff were Sir Joseph Flavelle, who was for some time in the years gone by the chairman of the Grand Trunk Canadian board and who is an outstanding business executive of this country; Beaudry Leman, of Quebec, who had recently been president of the Canadian Bankers' Association and who, in addition, was a well known civil engineer before he went into banking; Doctor Webster, of Shediac, New Brunswick, a gentleman who had made a reputation in his own profession not only in the United States, but in Scotland as well as throughout the world, and who had that gift few doctors have of being such a good businessman that some years ago he was able to retire from his profession and give, from his native town, Shediac, his services to his country in various lines of endeavour. Finally, there was Professor Murray of Saskatchewan university, who, it was felt, would bring to bear upon the matter the western viewpoint as well as the university-economic viewpoint, if I may so describe it. Therefore I say that we appointed what might well be considered a very distinguished and able commission to deal with this problem, and so far as this bill is concerned, it agrees practically in toto with the report made by that commission. There are some differences in matters of very minor detail, but the principles included in the bill

are based entirely on the report of the commission.

Speaking of the report generally, I may say that it was a summing up of the whole transportation situation of Canada. It showed the urgent need of economies if the railways of our country were to get back into a prosperous condition. It pointed out the dangers to the people of Canada if steps were not taken to get the railways back into a proper state of economic operation and management. It advocated very emphatically greater cooperation than had existed in past years between the Canadian National and Canadian Pacific railways. Finally, it suggested methods whereby its proposals might be put into effect. I think at this moment it might be well for me to quote the warning—I doubt whether it has been quoted in the house before, but it has been quoted a great deal in the press—given by the commission in regard to the situation of the transportation companies in Canada. They said in paragraph 226 of the report:

> We feel compelled, as a matter of public duty, to strike a serious note of warning to the people of Canada. Unless the country is prepared to adopt the plan we have proposed, or some other equally effective measures, to secure the efficient and economical working of both railway systems and thereby not only reduce the burden on the federal treasury but improve the financial position of the privately-owned railway, then the only courses that would be left would be either to effect savings in national expenditure in other directions, or to add still further to the burdens under which the industries of the country are suffering by the imposition of yet further taxation. Failing the adoption of one or other of these courses, and there are obvious limits to their application, the very stability of the nation's finances and the financial credit of the Canadian Pacific Railway will be threatened, with serious consequences to the people of Canada and to those who have invested their savings in that railway.

I may just interject at this moment that some members of the government, notably the Prime Minister (Mr. Bennett) and I as Minister of Railways have at various times in the last couple of years been uttering practically the same warning, and so far as I am concerned I have used on nearly every occasion the same examples or some of them which were used by the transportation commission. I am afraid that the only reward I received, at any rate from one section of the press, was the charge that I was showing enmity to the Canadian National by merely giving the facts. But I submit that no word of mine at any time has been more emphatic in regard to the dangers of the situation than this utterance of the transportation commission. In regard to danger of enmity to the Canadian National may I add this: I believe there is no Canadian, to whatever part of Canada or to whatever party in politics he belongs, who does not realize that we are all deeply and heavily involved from a financial standpoint in the future of the Canadian National Railways, and who does not feel a very sincere responsibility for it, and a very sincere desire for its return to prosperity. In other words, I think it is the wish of hon. members, in whatever portion of the house they may sit, that the Canadian National may be brought back to an economic situation where it may be able to carry on equally well with the other great transportation company of this dominion.

The remedies proposed by the transportation commission were, in brief, as follows: First, they said that there should be no amalgamation of the two railways. I have read over this bill many times and I submit that in it there is nothing that in any way conflicts with that recommendation. Second, they said that the deficits should be voted. In other words, in the future at any rate, whatever may have been the custom in the past, they suggest that we should not put on the railways mortgages consisting of deficits in regard to the payment of interest charges. Third, they suggest the selection of auditors by parliament from a panel presented to the House of Commons. Fourth, they suggest that instead of the seventeen directors now in control of the Canadian National Railways, there should be a board of three trustees, one of whom would be chairman, giving his full time to the work of attending to the financial end of that railway, and the other two close at hand in order to be able to consult with the chairman at all times. Fifth, they suggest, as I have pointed out before, very much greater cooperation and consultation to bring about that cooperation between the Canadian National and Canadian Pacific railways, and, finally, they provide for the setting up of arbitral tribunals in case there may arise disagreements or disputes in carrying out the proposed cooperations, whether proposed by one railway or by the other.

As one looks around the country, one is struck, and I think all citizens who have thought on the matter at all have been struck by the opportunities of economy from the standpoint of cooperation between the two great railway systems. One has only to walk down Sparks street, two or three blocks from where we are sitting here this afternoon, and past two ticket and telegraph offices on that street within a few doors of each other, occupying very highly priced premises, and within a couple of blocks of the union station, to see a duplication which, to the ordinary

man at any rate, is certainly unnecessary. This occurs in many of our cities. The same is true at least to a certain extent in regard to duplication of train services throughout the country, although I may say that at times I have come to the conclusion, particularly since the railways have dealt with the matter in some degree, the duplication of trains is somewhat exaggerated. Let me illustrate that by the trains running between Montreal and Ottawa which are often cited by hon. members as being too numerous, and that certainly seem to be so. The other day I looked into the matter and I found that there were three trains in each direction operated by the Canadian National and six trains in each direction operated by the Canadian Pacific. This sounds like a great and unnecessary number of trains to be operating between these two cities. But it must not be forgotten that, for example, in the case of the Canadian National, one of those trains is a transcontinental and is not primarily operated for service between Montreal and Ottawa. Therefore it can be taken from the list. Two of the trains of the Canadian Pacific are likewise transcontinental and accordingly can also be taken from the list. Of the other two Canadian National trains, one is a fast express which connects with the maritime train and with the one to New York. The other is a slow local train calling at the various points between Montreal and Ottawa.

So far as the Canadian Pacific is concerned, their trains are in virtually the same position, with the exception that they have two lines, one the North Shore upon which two locals run in each direction. The others are practically the same, except that they have two transcontinentals which undoubtedly pick up traffic between these two cities, whereas the Canadian National has only one. There is, however, no doubt that throughout Canada between many cities there are opportunities for these two great railway systems to combine their passenger services at least to a certain extent and to effect savings by that kind of cooperation. Not long ago I travelled from Ottawa to my home in Fort William, and between Sudbury and Fort William there was on the train only one passenger besides myself. Hon. members know members of parliament do not pay much for their transportation, so that this service was not very remunerative from the point of view of passenger revenue.

There are other ways in which cooperation can be brought about, by the pooling of different services, by running rights over common trackage, and so forth. But dealing with the question in a broader way, it is a most serious one impinging as it does on the whole financial structure of this country. At the same time largely because of its immensity, its importance, and its seriousness to this country it should be a non-controversial question so far as this house and even those outside of this house are concerned. I submit that there is no reason for party bias or party controversy in dealing with this question. It is too important and too serious for that type of treatment. In the recent hearings before the Senate committee on railways which considered this bill before it came to this house, the whole question was dealt with on a very high plane indeed. I had the pleasure of reading nearly four hundred pages of the evidence and I can say that the question was dealt with in a non-partisan and an entirely unbiased manner, and if I may respectfully make the suggestion I sincerely hope that when this bill goes to the committee of the whole or is otherwise disposed of by this house it will be dealt with on exactly the same high plane, because I submit that this is no time for party strife, and I do not believe that the people of this country in these critical times, particularly having in mind the incidents of last week, are looking for party strife on a matter which is so serious to them as is this question.

The bill is a cooperative bill. It has for its purpose the cooperation to a large extent of the two railways. I repeat, there is nothing in it to cause anyone to fear that it may lead to the amalgamation of the two great railway systems of Canada because the whole trend and spirit of the bill, as well as every clause and letter of it, points to cooperation, and cooperation means, and can only mean, the working together of the two parties to an understanding, and in this case the two parties are the Canadian National Railways and the Canadian Pacific Railway. Without doubt this question, in spite of unemployment and the many other problems which Canada and the world at large have to face, is still the greatest problem confronting this dominion, and that is demonstrated by the heavy annual interest charges accruing to the investing public, in the United States to a great extent, on the bonds of the railway, two-thirds of which have been guaranteed by the Dominion of Canada, and for the other third of which this dominion is largely responsible—as the owners of the railway. The interest in 1932 was in round figures $58,000,000. In addition to that, as the house well knows, there is another item of interest which is piling up annually on the books of the company but

is not shown in the public accounts of the dominion, amounting to $35,000,000 in round figures. That is interest owing to the government by the Canadian National Railways on past loans made by the government to the Canadian National Railways or to its subsidiary companies. None of that has been paid, and quite frankly I believe that no member of this house thinks that any of it ever will be paid.

There are other railways on this continent of course which are having difficulties, and that has often been pointed out. But the difference to us in this house and to the people of Canada is that these other railways, whether in Canada or the United States, are private corporations, and whatever difficulties they may get into, while they may have an indirect effect upon the financial structure and economic position of the country, yet they have not the same direct effect which the difficulties of the Canadian National Railways have on our whole financial structure. In other words, the Canadian National Railways is directly our problem, and that problem is complicated by the fact that the Canadian National Railways, being a government road, has been for many years borrowing its money upon bonds, while many of the private companies, including the Canadian Pacific, have been raising the hundreds of millions of dollars, which they have put into roadbed and equipment, on stocks of one kind or another. On these stocks, fortunately for the privately owned railways, they may discontinue, and in most cases they have discontinued, the payment of dividends, whereas on the bonds of the Canadian National Railways the payment of interest to the investing public cannot be discontinued without repudiating our debt as a government. The fixed charges of the Canadian Pacific Railway, which as an institution is probably as valuable as the Canadian National Railways at any rate, amounted last year in round figures to $22,000,000, whereas the fixed charges of the Canadian National Railways, because of the reasons which I have just mentioned, amounted to $58,000,000.

In the United States practically all the private railway corporations have about the same proportion of bonds outstanding as against their book values as applies in the case of the Canadian Pacific Railway. The United States railways have a book value of 26 billion dollars, using the word billion in the American sense of one thousand millions. The bonded indebtedness against that 26 billion dollars in the United States is between 10 billion and 11 billion dollars, which is about the proportion of bonded indebtedness of the Canadian Pacific Railway as compared with its assets.

The whole situation is complicated, of course, to a still greater extent by the fact that traffic has decreased so very considerably in the last three or four years. In 1928 the gross revenues of the Canadian National Railways amounted to $304,000,000 while in 1932 they amounted to $161,000,000, or not very much more than half the total of the peak year. While at times we do remember that the peak year was a wonderful one from the standpoint of the Canadian National Railways inasmuch as in that year the railway paid the interest on its bonded indebtedness, which was unfortunately $15,000,000 or $16,000,000 less than the fixed charges in 1932, while it did that and had a couple of million dollars to spare, at the same time it had to borrow from the people of Canada, or have its bonds guaranteed by this dominion, to an amount of $26,000,000 in that year. So, even in its peak year, the road was a serious charge upon the people of this country. I mention that merely to emphasize once again, as was emphasized not once but many times by the royal transportation commission at its hearings from coast to coast in this country, the seriousness of the whole situation, and to indicate why it is necessary for the Canadian National Railways, and the Canadian Pacific Railway indeed, to put into effect very drastic economies of all kinds. When you take into consideration the figures which I have mentioned, the interest owing by the Canadian National Railways, the competition in the last few years of motor vehicles, and finally the injurious effect upon all railways throughout the world of the widespread depression through which we have been passing, you will realize the reasons why the Canadian National Railways and the Canadian Pacific Railway and all other railways on this continent and throughout the world find it necessary to put into effect great economies.

May I at once say this? In 1932 at any rate the Canadian National Railways in that regard did a splendid piece of work, probably unequalled, and I say that deliberately, by any other railway on the continent of North America. Let me give some proof in support of that statement. In 1932—the railway year for the Canadian National Railways is, as hon. gentlemen are aware, the calendar year—the gross revenues of the Canadian National Railways were down by $39,000,000 as compared with 1931. In the ordinary course of railway administration I am informed by the best authorities that when the revenues are down it is generally possible to decrease also

your expenses by from sixty to seventy per cent of the decrease in revenues, for of course there is the necessity for upkeep, maintenance, overhead and certain other general charges which cannot possibly be decreased as rapidly as the decrease which develops in revenues when conditions have suddenly gone bad, as they have done throughout the world in the last four years. So taking from sixty to seventy per cent of the decrease in operating revenues of $39,000,000, there should have been a decrease in the operating expenses of the Canadian National Railways last year of between $25,000,000 and $27,000,000. But instead of that there was a decrease in operating expenses last year of $44,000,000, or 112 per cent, instead of the 60 per cent or 70 per cent that should have been expected, and is put into effect on most first class railways throughout the world in times of decreasing revenues. I say that is a remarkable showing on the part of the Canadian National Railways, and to illustrate what it means I am going to quote statements by S. J. Hungerford himself who from time to time puts out statements for the information of the people of Canada. These statements concern the conditions on the Canadian National railways. On September 24 last, when these economies were being put into effect, Mr. Hungerford put out a statement. The statement was given to Mr. Paul Reading, who in turn quotes it in the Ottawa Citizen of September 4. Mr. Hungerford says:

> Railway economy, he pointed out, was a progressive thing. It involved a constant increase in efficiency. Perhaps the best measure of recent improvement was that whereas the net operating revenue of the Canadian National in 1928, its peak year, had been roughly $56,000,000, the system as now organized could show a net of over $75,000,000 on the same volume of traffic as it handled in 1928.

In other words Mr. Hungerford pointed out that with the extreme type of economies which the Canadian National management and directorate had put into effect in the last year they could, with the same volume of traffic as 1928, have saved another $10,000,000.

It is sometimes feared that these economies have interfered with the efficiency of the Canadian National railways. In that connection, in the article which I have read, he spoke as follows:

> From the standpoint of efficiency the system was in a strong position. "Never in its history" Mr. Hungerford asserted, "has this property been in such good physical condition or so well organized to handle traffic cheaply and efficiently as it is to-day."

[Mr. Manion.]

Then in a statement which he gave to the press on January 3, 1933, he said the following:

> In gauging measures of economy to meet declining revenues, the executives of a railway system must guard against jeopardizing the condition of the property. Facilities and equipment must be maintained on a standard of safety and efficiency. This factor has been carefully considered by the Canadian National Railways management and at the present time the property is in fit and proper condition to handle all traffic offering safely and efficiently.

That, I think, should set at rest any suggestion which occasionally is made to the effect that the efficiency of the railways is being in anyway sacrificed to economies. I may point out another statement Mr. Hungerford made to me personally only a few months ago. A statement had been made in another chamber by a very outstanding gentleman of that chamber that the employees of the Canadian National railways were going around fearfully expecting that when they went out in the morning they might have their positions, but when they came home at night they would not have them. I felt that was not a satisfactory position, and did not promote a satisfactory mental attitude on the part of the employees. With that in mind I talked the matter over with Mr. Hungerford, and he assured me at that time that outside of the necessary decreases due to decreasing business, the necessary contraction, on any large scale, had largely been accomplished.

May I at this point state that I wish to compliment very sincerely indeed not only Mr. Hungerford and the managing officers of the company, but all the men of the rank and file who have kept up their courage and who, through loyalty, have done their work faithfully and well for the Canadian National railways in very difficult times indeed. I wish to compliment them on the splendid esprit de corps they have shown. I do not believe I would be doing justice if at the same time I did not compliment the directors who, in the near future, will probably be replaced by the three trustees mentioned in the bill. The directors were appointed nearly three years ago. I wish to say here and now that the majority of them have done splendid work, have served loyally and well, and have given the very best they had in every possible way to help Mr. Hungerford and the management to bring about the results I have just indicated.

Because I believe the information will be of interest to the house, may I set out a few examples of the types of economies about which I spoke, and which I mentioned were

specially put into effect by Mr. Hungerford and his managing officers. Not long ago he gave me a statement comparing the savings brought about by these special types of economies, showing the difference between the year 1932 and the year 1930. I did not think to ask him why he took one year instead of another. However he probably took 1932 because it was the last year, and I presume he took 1930 because it was at that time that the particular economies began. As a matter of fact in 1929 the decrease in revenues had not become very heavy, and I have no doubt the railway management of that day were probably hoping in the near future to get business back to normal. There is no doubt many people believed the depression would not last long. At any rate economies were not put into effect to any great extent until 1930.

The savings between 1930 and 1932 brought about by these special types of economies makes very interesting reading. For instance, of positions drawing salaries of $5,000 or over they have abolished fifty-six. Of positions drawing salaries between $3,000 and $5,000 they have abolished forty-seven. In other words among the supervisory officers of one kind and another they have eliminated one hundred and three who were receiving from $3,000, up. They claim that the efficiency of the road will not in any way be endangered by the elimination, and that the present staff could very well look after a very much greater volume of business than the railway is doing at the present time. I have no doubt as to the truth of that assertion. This elimination in salaries over $3,000 brought about a saving, in round figures of a little over $1,000,000,—In addition; the reduction of salaries of those receiving salaries over $4,000, made a saving of over $900,000. Travelling expenses and club dues—but largely travelling expenses—were reduced by $850,000. Radio, medical services and advertising were cut by $1,250,000. Those four items alone make a total special saving of something over $4,000,000.

In addition to that however savings were made in passenger services which some years ago were thought to be necessary by all the railways on the continent. There had been growing up on this continent a very elaborate passenger service not only on the Canadian National railways but on all the other railways on the continent. In addition there was a very elaborate branch line service which, because of the popularity of motor cars, had been brought into the position of heavy losers. The lines and services throughout the country were surveyed, and between 1930 and 1932, eight million miles of passenger train services have been eliminated. It has been estimated that this elimination has brought about a saving of a dollar a mile at least, in fact I have heard it estimated that the saving is as high as $1.50. However taking it at the rate of one dollar per mile the saving amounts to $8,000,000. Many of these savings that I have mentioned are permanent.

It is true that there have been strong protests made to the railway management and to myself personally about taking off services both on the Canadian National and the Canadian Pacific railways. There seems to be a feeling throughout our country, I am sorry to say, that economies in the abstract are all to the good, but should not be applied to our own regions. I believe that is the feeling in the constituencies most hon. members represent. I presume all of us from time to time have received strenuous protests against some economies which were proposed to be put into effect. Apparently people believe we should economize, but should not carry out those economies in their constituencies, but always elsewhere. At the same time it should be pointed out that the people can hardly expect to be given elaborate train services when they are not patronizing these services, but are using automobiles instead of the trains.

There is another matter that I might mention in passing; I referred to radio savings. There is another saving which will be brought into effect in the near future, because it is intended within the next few days that the Canadian National will sell to the Dominion Radio Commission their whole radio plant, at a figure which has been decided upon. This will eliminate another heavy drain upon the Canadian National Railways, and as the staff is being taken over by the radio commission it will not mean any further increase of unemployment.

Mr. VENIOT: Would the minister permit a question? He gave the figures of 1932 as to reduction in operating expense of around $44,000,000. What would the reduction in revenue and in operating expense be for 1931?

Mr. MANION: I looked that up a day or two ago, and while I cannot give the exact figures, there was no such saving as in 1932. The saving was in the neighbourhood of 50 per cent of the decrease in revenues from the previous year, instead of 112 per cent, as in 1932. Of course it is obvious that by no stretch of the imagination could a saving of 112 per cent of decreased revenues be made for many years. It can only be done at certain times. So that the saving between 1930

and 1931 was very much less than the saving last year. I stated earlier in my remarks that the usual saving in cases like this was 60 to 70 per cent, so it was in the neighbourhood of the usual figure.

Mr. VENIOT: Will the minister give the exact figures in committee?

Mr. MANION: Yes, I shall gladly do that. There have been other improvements in management in the past year or so in which I think the house will be interested. I give them, I assure the house, in no spirit of criticism of the management or of anyone; I mention them merely because they are questions that have been discussed in the house at various times. For example, there has been a great improvement in regard to switching of estimates. I remember mentioning it here a year or so ago, and my right hon. friend the leader of the opposition supported me in my attitude, that switching of estimates should not be tolerated. Up to a year ago it was possible, for example, for the Canadian National Railways to have estimates passed through this house in their budget for huge amounts to be spent for certain capital expenditures in various parts of the country, and to switch them from that part to some other part and for a totally different purpose. For example, they might, and did on one occasion, if I remember aright, pass estimates for the building of a hotel in one section of the country and switch that money to the building of a branch line in another section. That is a power that no government, whether municipal, provincial or dominion, ever has had since constitutional government came into effect in this country. The railway in that respect had a power that no government had. In fact in 1931 the Canadian National switched amounts to the total of over $8,000,000. They are not permitted to do that any longer.

Another matter in which it was seen there was opportunity for improvement is this: There had grown up up in the Canadian National Railways the practice of permitting one officer, the chief engineer of the railway, to change the specifications or classifications on contract work so that the cost of the contract to the Canadian National might be varied by hundreds of thousands of dollars. Indeed, in one case into which I looked the cost had been increased by something like $600,000. This officer had the power to make changes involving huge sums without consulting even the president or other executive officers or the directors or any other group. I do not suggest for a moment that anything was done of an irregular character in that regard, but I submit it is a greater power than should be in the hands of any one man of any corporation. I know of no other corporation, railway or otherwise, where one man had any such power. That has now been done away with. Another matter has been cleared up in which the fault I think, was due largely to the habit of architects, for example, of picking out what they think are the best lines of goods or materials and specifying those goods, irrespective of their origin, where the same type and quality of goods were being produced at an equal price in Canada. That habit had grown up in the Canadian National. In an investigation made at my request by the officers themselves, upon which they gave me a statement, it was found that forty per cent of all the specifications going out for materials for the building of hotels, terminals and so on were specifications of American goods. Without in any way thinking of criticizing American producers, I submit, and I know that members of the house will agree, that it is the duty of a Canadian institution supported by the money of the taxpayers to buy Canadian goods as far as possible.

May I, at this point, in regard to these various matters, again compliment the management and the directors who have cooperated so ably with the government in bringing about reform, which I think all hon. members of this house, of whatever party, will agree are advantageous to the Canadian National Railways.

It might be of interest to mention a few figures illustrating the decrease in traffic on all the railways on this half of the continent. Passengers carried in 1923 by the two great railway companies of this country amounted to 38,000,000, whereas in 1932 that number had decreased to less than half, about 18,000,000. Yet, during all that time both railways, and all railways on the continent, were spending huge sums in elaborate passenger services, and elaborate advertising for passenger traffic, which was the non-paying part of the railway business. I noted recently that Mr. Loree made the statement, which was widely quoted in the United States, that he thought too much money had been spent in past years on passenger traffic. That was seen by many men who were not railway men at all in this country in the last few years. During that time, when passenger traffic was decreasing so rapidly, there was a corresponding increase in the number of automobiles operating in Canada. In 1923 there were just over 500,000 automobiles of all kinds in use, and in 1931 just over 1,100,000, more than double the number, while the passengers in trains correspondingly decreased to one half.

It is well to remember that railways are absolutely necessary in a country such as Canada. With our immense distances, our huge quantities of bulk traffic, this country could hardly live without railways any more than the people of the country could live without air. We must have railways to carry our bulk traffic in such products as wheat, flour, cattle, coal, timber, and pulpwood. I mention those six products because in a recent report asked for by me I found that about two-thirds of the traffic on the Canadian National railways—and I presume it is true of the other railways in Canada—consisted of those six bulk products, products which could not possibly be handled by trucks or motor cars for our distances. So that I say the railways are an absolute necessity in the Dominion of Canada. That does not mean that it is our duty in any way to fetter the automobile progress of our country. We cannot hold back progress any more than we can hold back the tides. At the same time it is clear that the operation of money-making automobiles for private gain on public highways built out of the taxes of the people, a part of which are paid by the railways themselves, should be regulated in such manner as to provide at least fair competition to the railways. It is obvious that if we are to have fair competition for the railways without being unfair to the automobile, we should see that there is uniformity of regulation and taxation of road motor vehicles with a view to the equalization of conditions under which road and rail transport is carried on throughout the dominion. The motor cars of the country should pay at least a fair proportion of the upkeep and the interest on investment of the highways, and I feel that this can be brought about without in any way interfering with the progress of the automobile industry. The automobile can be and is now being made more complementary and supplementary to the railways than ever they have been in the past. The railways themselves have been very slow to realize the importance of utilizing automobiles to a greater extent than they have done in the past as feeders to their system. Only recently, it would seem, the railways have taken this into account. They seemed to have rested on their laurels, evidently under the impression that in the long run competition from the automobiles could not possibly handicap them, so that they ignored that competition which in the meantime has been rapidly increasing, with the result that the railways have been losing opportunities for making their business a profitable rather than a losing enterprise.

An arrangement has recently been made between Toronto on the east and Sarnia and Windsor on the west whereby the Canadian Pacific Railway and the Canadian National have undertaken the "pickup" system by means of which, at the Toronto end, hired automobiles —not purchased cars, so that there is no capital expenditure in this regard—are used to deliver goods to the trains, while at the other end automobiles are hired for the purpose of making deliveries to those to whom the goods are destined. It is an attempt, a somewhat belated attempt perhaps, on the part of the two railway companies to compete with the automobile in the carrying of traffic, and at the same time it is a very appropriate period in which to undertake a cooperative experiment, which we all trust will bring satisfactory results to the railway systems of Canada.

In this regard may I add that at the interprovincial conference held recently in this city an afternoon was devoted by the provincial and dominion representatives to a full discussion of the question of automobile competition with the railways, and it was decided on that occasion that my department should prepare a questionnaire to be sent out to the different provinces. When that questionnaire is returned with the appropriate answers from the different provinces it will be the duty of my department to endeavour so to coordinate the answers and afterwards to bring to Ottawa again the officials from the various provinces with the object of instituting more uniform taxation as well as more uniform charges and regulations with respect to motor traffic in competition with the railways. Incidentally, I may observe that within the last couple of weeks I have sent out the questionnaire, and during the discussion of the bill in the house I shall be glad to table it should anyone desire to see the document.

Another figure which is of interest with respect to our railways in Canada is the figure for coal consumption. In 1923 the two railways in Canada used $58,000,000 worth of coal, whereas in 1931 they used exactly one-half of that quantity, $29,000,000. That reduction indicates a greater operating efficiency on the part of the railways, showing that they can get more out of the coal that they are using; it shows the effects of the depression on business, and it also shows the reason why we are faced with the present difficulty of having to look after so many miners at both ends of the country.

Both the Canadian Pacific and the Canadian National Railways have been making commendable economies. Naturally I am

more familiar with the economies of the Canadian National Railways than with those practised by the Canadian Pacific, inasmuch as the latter system, as hon. members know, is not under the necessity of reporting either to myself or to this parliament. I do believe however that the two railways have, broadly speaking, reached rock bottom; they have not attained the extreme limit, but they have accomplished nearly the limit, with the exception of certain considerable economies which might still be made as a result of that greater cooperation between the two systems which will be brought about when the present measure becomes law. The foundations have been laid by both railways, and indeed probably by all the railways on this continent, so that they will be in a position when there is a revival of business throughout the continent and the world at large, to come back very rapidly. I believe they will profit by some of the painful experiences they have had to endure during the years of the crisis. I may add, with respect to these rather painful economies that have been made by the Canadian National Railways, that when the three trustees are appointed they should, if they show the proper courage and good judgment, be able to keep that system on the right track, if I may use an appropriate metaphor, so far as efficient and economical management is concerned. It may be added of course that unless there is that business revival which we all look for in the near future there can be no solution of our transportation difficulties throughout this continent. There is however every expectation, particularly after the events of the last week, that we shall in the near future experience that revival in business which we confidently anticipate.

Recently in the United States the bondholders of private railways in that country, who consist very largely of insurance companies, savings banks and trust companies—in other words, the repositories of the savings of the people, holding about seventy per cent of the bonds of the American railways—got together and appointed a commission on something of the basis of the royal commission which was appointed in this dominion. They appointed the late Mr. Calvin Coolidge as chairman, Mr. Alfred Smith, Mr. Baruch, and two other business men whose names escape me for the moment. These gentlemen reported after a thorough investigation of the situation that, with the economies that have been put into effect on the railways in the American republic, a twenty per cent increase in traffic would serve to bring their railways back to a good revenue position. I do not believe that twenty per cent of an increase in traffic would restore our railways to a normal condition, but I do think that fifty per cent of an increase would go a long way towards getting them out of the slough of despond into which they have sunk; I think that such an increase would bring them back to something like a hopeful position. Everyone who is reasonable feels that we may well entertain hopes for the future without smashing the whole economic machine which has served us for so many years. When a man has an automobile which has been giving good service for years, he does not, if it goes out of order, take an axe or burglar's tools if he wants to repair it; he gets someone to help him to get it back into running order. Now that should be our attitude towards the economic system under which we live. People generally realize, I believe, that the conditions under which our railways, our agriculture and the whole of our commercial enterprises are operating at the present time are world conditions. That is clearly understood, I think, for people realize that no individual nation or leader alone can restore conditions to normal. In other words, there must be international cooperation on such questions as international indebtedness, world trade barriers and primary commodity prices. These three questions particularly must be studied. If we are to get primary commodity prices back to anything like a reasonable basis, it must be the result of some international conference. The restoration of primary commodity prices to something like a reasonable level, and the stabilizing of those prices at that level, would not only lessen to a large extent the debts of individuals and nations, but would bring back that purchasing power which is necessary not only to provide business for the railways but to further business generally.

I had that well illustrated a few days ago, when I made it my endeavour to find out how shipments of wheat compared in the last year with one of the previous years considered as an outstanding period in the progress of the railways. I found that in the year 1929, 4,600,000 tons of wheat was shipped on the railways, and in 1932, 5,300,000 tons, an increase of 700,000 tons in 1932 as compared with 1929; yet the gross revenues of the Canadian National Railways were down in 1932 as compared with 1929 as by $125,000,000.

Mr. STEWART (Edmonton): Not on wheat alone.

Mr. MANION: No, on the total revenues. I mention this to my hon. friend because it has been the conviction of many of us—I must confess it was my own conviction—that grain traffic was the paying traffic of the railways. As a matter of fact, it was not so much the wheat and grain traffic that was the paying traffic for the railways as the fact that the people of the west were selling their products at a reasonable price and had the money with which to purchase goods from some other section of the country, thus providing return traffic; and that total traffic brought about the prosperity of the railways.

Mr. MALCOLM: Could the minister give us the earnings on the wheat traffic as well as the tonnage carried during the two years he mentioned?

Mr. MANION: I have not that information under my hand but I shall be glad to furnish it during the committee stage of the bill.

Mr. MALCOLM: I submit that the earnings would not be larger even though the tonnage was greater if the haul were shorter.

Mr. MANION: There is something in that because a larger proportion of the wheat has been going via Vancouver which is a shorter haul. However, the 700,000 tons additional in 1932 over 1929 would balance the shorter haul. It is the low purchasing power of the western farmer due to the low prices he is receiving for his grain which causes his inability to purchase the goods of the eastern producer. This in turn prevents the prosperity of the railways as well as of the industrial plants of the country. There is no purchasing power, no effective demand.

An hon. MEMBER: Hear, hear.

Mr. MANION: I hope that my hon. friend who says "hear, hear," does not imagine that that thought belongs only to our friends over there.

Mr. HEENAN: Does the minister intend to move to refer this bill to the railway committee?

Mr. MANION: I am coming to that point. I submit that the railways as well as the world in general can be more hopeful today than they have been for many days past or even for years, certainly for many months. The time seems opportune for a recovery of world conditions. We are all looking forward to a world economic conference from which, if matters are dealt with in a proper cooperative and international manner, it is hoped world recovery will come. When that recovery does take place, as I sincerely believe it will in the near future, then the railways as well as the other industries will come back to prosperity. I submit that the outlook for the railways is far from hopeless, provided always that the trustees to be appointed are careful to carry on the management in an economical manner and provided also that there is at the same time a revival of trade in Canada and throughout the world.

In connection with the question asked by the hon. member for Kenora (Mr. Heenan) as to whether or not it is my intention to submit this bill to the committee on railways, shipping and telegraph lines, I should like to say that it is my intention to suggest submitting it to a committee of the whole house. These matters have been dealt with very fully by the royal commission. This commission travelled from coast to coast and took evidence from all those who desired to submit evidence. They heard provincial authorities, railway officers, railway employees—public bodies and individuals—any who felt that they had some contribution to make to the solution of the question. In addition, the Senate committee heard further witnesses, most of whom had appeared before the royal commission, and it is my opinion that it is not necessary to go to the trouble and expense of hearing these witnesses over again.

In closing may I say that while the principles of this bill are supported in entirety by the government, the government has no strong feeling in regard to matters of detail. We will welcome suggestions from any part of the house with regard to contributions as to details, but at the same time we feel that the royal commission has made a most careful study of the whole question and its submissions should be given fair trial by the people of Canada. After the money and time spent upon this royal commission, if proper heed were not given to its recommendations, the people of Canada might feel that its efforts had been wasted.

Mr. STEWART (Edmonton): The minister mentioned the decrease in passenger traffic from 1923 to 1932 as being some 18,000,000; has he the corresponding figures for freight tonnage?

Mr. MANION: I have the gross figures under my hand but I do not wish to give them at this moment. I shall be very glad to give any information asked for when the bill is in committee.

I should like to repeat, and I do it most respectfully, that I believe this whole question is so wrapped up with the future development of this country that it should be dealt with on the high plane of strong

Canadianism rather than in any sense of partyism. I trust that I have said nothing which might be considered as being unfairly critical of any body or group. In making my remarks I have endeavoured to occupy the same plane which I am suggesting hon. members should occupy in dealing with this bill.

Hon. W. D. EULER (North Waterloo): Mr. Speaker, it is not my intention to follow the minister in reviewing the financial operations of the Canadian National Railways. He has the advantage of his position in that his department can supply him with figures which are not so readily available to myself. I intend to address myself to the merits of the bill itself. May I say to the minister that as one who sits on this side of the house I can congratulate him upon the moderation of his remarks. Parliament and the country generally may be congratulated upon the optimism with which he views the future. I am afraid, however, that I cannot quite follow him when he states that a more or less mathematical miracle has been performed in the saving of 112 per cent. I used to regard 100 per cent as the limit of what could be done in anything. If the government could make the same saving in its other operations we would soon be out of the difficulties in which we find ourselves.

The minister made reference to the present condition of the Canadian National Railways and he stated that Mr. Hungerford, the present president of the road, declares that the railways are in perfect physical condition. I am glad to hear that, but would like to say, without arousing any recriminations, that admirable condition of the Canadian National Railways was not brought about in one or two years; it is the result of the good work done in years gone by.

It is gratifying that it has been possible in the last year or two to effect the great savings which the minister has mentioned to-day. However, it would not be fair to assume that such savings can be always effected in periods of prosperity. While it is true that great expenditures were made during the prosperous years of 1927 and 1928, I think it must be realized that it is not possible to effect in periods of prosperity the savings which are sometimes enforced upon us during periods such as we now have. Commercial and industrial enterprises have found it necessary to effect economies just as has been done in the case of the national railway. I do not say this by way of criticism but rather that no wrong conclusion may be drawn from the minister's observations.

As has been stated, this bill is the direct outcome of the recommendations contained in the report of the royal commission on railways and transportation, and it might be regarded as being quite in order to discuss at this time some of the features of that report. It is not my intention to do so other than to say that while I disagree emphatically with some of the opinions and inferences that are drawn in the report, I am wholly in accord with the chief purposes that the government desires to attain in the bill now before the house. I do not suppose the government anticipates or expects that this bill will cure all the evils from which the railways are suffering. If the bill carries in its present form, so much after all depends upon the good faith, ability and public spirit, if you like, of the men who will be placed in charge of those railways, that one can only say that the best results can be obtained if those people act efficiently, in a spirit of good faith and with an eye only to the good of the Canadian National Railways.

I support the second reading of the bill chiefly for four reasons. In the first place, the integrity and identity of the Canadian National Railways is preserved. I listened with a good deal of satisfaction to the assurances given by the minister that there was not in the mind of the government—and I may say I do not suspect them—any thought whatsoever that the provisions of this bill might be used for the purpose of amalgamating the Canadian National Railways with the Canadian Pacific Railway. I do say this, however, that while it may be quite true there is in the bill nothing which permits amalgamation, that fact might be made just a little more clear by the insertion of a clause making it unmistakable where parliament stands in the matter. I support the bill for the second reason that the establishment of a small body of trustees of three or four, as the case may be, will promote efficiency in the conduct of the Canadian National Railways. There is a third advantageous provision in the bill if it is properly carried out, and if the government would consent perhaps to make some slight changes in the method of appointing the board of trustees, this might minimize to a very great degree the harmful influences that may be exercised in a political way. Fourth, the bill provides a plan whereby it is hoped savings may be effected; that waste that has come because of the severe competition existing between the Canadian Pacific and Canadian National railways may be eliminated. These advantages, in my opinion, are thoroughly worth while.

The railway situation, as has been pointed out by the minister, is assuredly sufficiently serious to be a challenge to the patriotism, if you will, and the sense of public duty and responsibility of every member of this house. The reason for the condition in which the railways find themselves, are fairly obvious to most of us, although there may be some differences of opinion. First, there is the depression which has affected all lines of business and perhaps more particularly the railways. Then there is the contraction of trade, the lack of freight to carry over the railways, the wasteful competition between the two great railway systems and the competition with which the railways have been obliged to deal so far as another method of transportation is concerned, that of the truck and automobile. I would second the wish of the minister when he says that he hopes we may approach this whole question in a spirit free of prejudice, free of partisanship, and with the single purpose of cooperation in the national duty of doing what we can to relieve the country of this burden which has been placed upon us by reason of the depression in the business of the Canadian National Railways and throughout the country generally. The Senate have shown us a very good example; they have discussed and dealt with the question on a patriotic and purely business basis, hoping to do what they can in the interests of Canada itself. I might, if I cared, refer to a few exceptions to that, but I shall refrain from doing so.

In addition to the matters mentioned, I would not forget that there are in the bill other provisions which are of some importance, but quite subordinate to the four I have enumerated. The bill provides for a continuous audit, auditors to be appointed by parliament and reports to be made by them direct to parliament. It provides for the separation of the chairmanship of the board from the presidency of the railroad, and I shall have something more to say with regard to that. It provides that all bond issues shall be made by the federal government rather than by the railway itself. It provides further that there shall be no more funding of deficits. These matters are not new and I imagine they are placed in the bill not entirely by reason of the recommendations made by the royal commission, but because our parliamentary committee on national railways and shipping in the past has made these very recommendations coupled with the further one, that we are in favour of a reduction in the number of those who are to form the board of management of the Canadian National Railways.

I should like now to discuss the three parts of the bill. The first provides for the substitution of a small board of trustees for the present cumbersome board of management of seventeen, if I may call it such without casting any reflections upon its present members. I believe, as a business principle, a small body of men will do better work than a very large body such as we have. Let me say this further: Perhaps the government will accept a suggestion that I am going to make a little later. I believe by the composition of this board, it might be possible, as I have said before, to exercise political patronage and political influence upon the conduct of the railway. I have never favoured the appointment of the former boards upon the basis of political preference, I am not criticizing any one government more than another. Quite frankly, I believe it has never been in the interests of the Canadian National Railways that in the appointment of that board of sixteen or seventeen directors, any consideration should have been given to the political persuasion or complexion of the members of the board, or to geographical considerations. If there is a small board of trustees of three, although my mind is open as regards increasing that to five, it will be possible to eliminate from the appointments the matter of allotting a member to British Columbia, or the prairie provinces, or Nova Scotia, or any other province. Appointments should be made with certain qualifications in view: first, with reference to the ability of the men who shall be appointed; second, that they shall be men of integrity—and that goes without saying; third, that they shall possess something of the spirit of public service—that is important—and finally—and this is almost of paramount importance; at least it seems of great importance to me—that the men who will be selected as the board of trustees shall be men who believe in the principle of public ownership.

I approve entirely the provision which states that the board shall be responsible to parliament; that may mean responsible to the government, because the government, after all, controls parliament. I believe also it is a good step that the president of the road, who will be the chief operating officer, should be appointed by the board of trustees and responsible to that board alone. Again, although it is perhaps not of great importance, it does not seem appropriate that the chief operating officer of the road should be designated by the name "president." It would be more appropriate and descriptive if you called him the general manager of the road, and the term "president" could be much

more fittingly applied to the chairman of the board of trustees. I merely make that suggestion in passing. I believe also that if you have only three trustees, all the trustees should give their whole time to the work, and that not only the chairman but all should be well paid; and if there are only three, or even five, the majority should rule, and the chairman should not have supreme authority.

Just a word with regard to the method of appointment. The initial board which will replace the present board is to be appointed by the governor in council, by the government itself. Succeeding vacancies, no matter how caused, by the effluxion of time, by resignation, if you like, by the death of a member of the board, shall be made on an entirely different plan. These succeeding vacancies shall be filled from a panel of eight men, which panel is to be selected by a body consisting of the chairman of the Board of Railway Commissioners, the chief of the Exchequer court and the two remaining trustees. I have no fault to find with that because if it is carried out in good faith it will be possible to give at least the impression which I hope would be based on fact that politics does not enter into the appointment of these men. But I would point out this anomaly. While these succeeding vacancies are to be filled from a panel of eight men selected as I have indicated by this group of four, the government thereby recognizing the principle of non-partisanship in the composition of that panel and in the appointment of the board of trustees, if that principle is sound in the filling of succeeding vacancies, it ought to be just as sound in the appointment of the original board of trustees. The suggestion I desire to make is this, that this first board of trustees, which appointments the government will make, shall be appointed from a panel of eight selected by the chairman of the Board of Railway Commissioners and the chief of the Exchequer court, and two others as a result of a consultation of the members of this house, all parties included. If the government would do that, I think they would give the impression, and honestly I think, that it is their real desire to remove as far as possible from the administration of the Canadian National Railways political influence and political pull, if I may put it in that way.

We have a precedent for that. When the chief electoral officer of Canada was appointed some years ago, the then Prime Minister consulted with those then leading the opposition and an agreement was reached, and the gentleman who was chosen as a result of that consultation served in a manner that was entirely satisfactory. I just want to impress that once again on the government. If the government sincerely desires, and I do not question their motives for one moment, that the people of Canada shall be impressed with the fact that in the conduct of the Canadian National Railways politics does not enter, and it is a bad thing I will say when politics does enter into business, I think they might very readily accept the suggestion I have made or something similar which would eliminate as far as possible the suggestion of political influence in the appointment of the initial board of trustees.

With regard to part 2 of the bill, I may say that I regarded that as of relatively little importance. It seemed to me that it expresses what is sometimes spoken of as merely the pious wish that the railways should cooperate in the cutting out of useless expenditures, with a solemn injunction to them to do so. But the teeth which are in the bill to implement that pious wish are to be found in part 3.

Before leaving part 2 of the bill I want to make a reference to the matter of amalgamation. The minister assured us during the course of his address that the government had not the slightest desire that anything in this bill should be used for the purpose of merging the Canadian National Railways and the Canadian Pacific Railway, and I accept his word for that. But there was in the original draft of the bill that went to the Senate a clause which has since been elminated, and which reads as follows—it was subsection 2 of section 16:

> But nothing herein shall be taken to authorize any amalgamation of any National company with any Pacific company.

I have not followed throughout the proceedings of the Senate committee, but I am curious to know why that clause was cut out.

Mr. MANION: If my hon. friend will permit me to answer now, I did not know that the clause had been cut out until very recently and then I made inquiries from the leader in the Senate and others and found that it was cut out because it was considered as surplus words, that there was nothing in the act leading towards amalgamation or that authorized amalgamation, and that therefore the words were not necessary.

Mr. EULER: I think I heard the Prime Minister say that it was foolish to insert that clause.

Mr. BENNETT: Surplus.

Mr. EULER: Perhaps he is quite right. But I would read to him the statement made

by a rather prominent barrister in the city of Toronto. I shall not read the whole of his statement, but he said in part:

Under the act as it now stands, it is possible to legally disembowel, dismantle and ruin the Canadian National Railways unless a plain, unambiguous clause or section is inserted and made part of the act, preventing and prohibiting any amalgamation, merger or transfer of any of the funds, revenues, business, properties and assets of the Canadian National Railways to or with the Canadian Pacific Railway.

I bring that up merely for the purpose of ensuring that there can be no doubt whatsoever with regard to it. There are some people—I believe there are some on this side of the house as well as throughout the country —who do have the fear that under this bill it may be possible by certain action to effect amalgamation of the Canadian National with the Canadian Pacific, and I would ask the minister, the Prime Minister, and the government whether it would not be worth while, in order to remove the fears of these people, to reinsert this clause that was deleted. If it does not do any good, it can certainly do no harm. I leave that for the consideration of the ministry.

I would certainly say that if ever amalgamation does come, and it may come some day, it should not be possible for this board of trustees to consummate such an amalgamation. Parliament should deal with the question, and perhaps it might even be advisable to submit it to the people of Canada in a general election.

Lastly I come to part 3 of the bill. Part 3 which deals with what is sometimes called the compulsory cooperation of the two railway systems. It is intended to eliminate wasteful competition and to save money for both railway companies I suppose, but primarily for the Canadian National Railways. I may say in passing, Mr. Speaker, that I think it is the duty of this parliament, when endeavouring to do something for the Canadian National Railways, to do no injustice to the Canadian Pacific Railway.

Ordinarily I do not believe a great deal in compulsion, and when I first read the recommendation of the commission in that respect, and first saw the bill as introduced into the Senate, I had no great confidence that this compulsory cooperation would be very successful or that the clause would be very valuable. I am not sure that I have changed my mind. Compulsion and cooperation do not go very well together. Cooperation implies voluntary action, not compulsion. But it may be that in the public interest compulsion sometimes becomes necessary. If it does become necessary, and the results one hopes to attain through compulsion can be obtained in no other way and are for the general good of the Canadian people as well as for the good of the Canadian Pacific Railway, then I believe I might strain a point and support even that.

One further word wth regard to amalgamation: The minister referred to the term to-day, and I have mentioned it myself. It is idle at this time to argue concerning amalgamation. For the time being at least I think it is set aside, and I would not bring it up now were it not for the intensive campaign or propaganda that is being carried on by certain people who advocate the merging of the Canadian National with the Canadian Pacific railways. The president of the Canadian Pacific Railway—and I do not blame him for his activity, because he is acting in the interests of his shareholders—is of the opinion that the only solution to the railway problem of Canada lies in the amalgamation of the two roads and, of course, by preference, amalgamation under private ownership. At the risk of being tedious and saying something I have said in the house before, may I repeat that so long as ten years ago I suggested to the then government that it might be advisable to canvass the whole railway situation with a view to possible amalgamation. I believe everybody recognized at that time that there was a great deal of waste and duplication of services, and some of the difficulties mentioned by the minister this afternoon.

I made the statement then, and had it on very good authority, that at least $75,000,000 a year could be saved by a merging of the two roads. My suggestion was not acted upon at the time. I made it again last year, and the year before. Now we have Mr. Beatty of the Canadian Pacific Railway making the same claim—although it is contradicted by the president of the Canadian National Railways—to the effect that $75,000,000 a year could be saved by amalgamation. If that had been true, and if action had been taken ten years ago, by this time we would have saved an amount equal to about one-third of the national debt. I agree with Mr. Beatty that we could effect a tremendously greater saving by amalgamation than by any such plan as provided in part III of the bill. I realize it is impossible to do anything in that connection at this time, and I know further, the arguments that are levelled constantly against amalgamation. May I say, lest I embarrass

hon. members on this side of the house, that on this point I speak for myself and for nobody else, knowing full well that many hon. members who sit about me disagree with me at times.

Mr. McINTOSH: That is a wise thing to do.

Mr. HOWARD: That's playing safe.

Mr. EULER: I speak entirely for myself, and for no one else. I should like to answer the argument which is brought constantly and which, so far as I am concerned, has no force, namely that in all cases monopoly is bad. I say without fear of successful contradiction that there is a world of difference between privately and publicly owned monopolies. The objectives in the two systems are entirely different. In private monopoly the motive is profit; in a public monopoly the motive is the best of service at cost. In a public monopoly no good can be done by any one trying to take advantage of the public, because the public itself is the owner of the monopoly.

The suggestion of an amalgamation is not particularly new, and at the moment I am not urging it. But even in France, in view of the fact that privately owned roads are losing millions and scores of millions of dollars, we find the Minister of Public Works making a suggestion that the state take over the railways. In Italy the roads are owned by the state. Those roads some years ago were handed over on a leasehold to a private railway concern. The result was that there was constant bickering; the railway company was constantly complaining that it could not get the money necessary to carry out capital expenditures to put the roads in condition. The government and the people complained about the service, and finally the state took the railways back under state control. There is state control in Germany and Australia, and at the present time there is a movement in the United States whereby the multitudinous number of roads in that country are gradually being combined under four great systems. Possible amalgamation may take place later on.

I know that at the moment there is no use arguing in favour of amalgamation, because at this time I do not believe the people of Canada desire it. I do say, however, that if amalgamation does come the people of Canada will not stand for a private monopoly of the railway business. If we are to have amalgamation it must be publicly owned.

There are just two other points I should like to mention in connection with the campaign which has been carried on by the president of the Canadian Pacific Railway. He has stated in his speeches that in the last few years the country has suffered a loss of about $85,000,000 a year on Canadian National Railways account. While in a sense true, that statement is misleading because it includes the $35,000,000 interest on the debt which was created, very largely before the roads were taken over. It includes the advances that were made by the Dominion government to those railways which now comprise the Canadian National railway system, an amount of money which in my opinion should have been written off long ago, an amount which if written off would not save the Canadian people from the payment of interest, but at least would put the principle of public ownership on a basis where it could fairly be compared with a system under private ownership.

When the suggestion is made that the Canadian National Railways should merge with the Canadian Pacific Railway I believe the impression is conveyed, whether intentionally or not, that we would then be rid of the tremendous loss which we suffer in connection with the Canadian National system. When that is suggested I believe the Canadian people would do well to turn to the words of Mr. Beatty, as they appear at page 914 of the proceedings of the royal commission. They are as follows:

> I also dismiss the possibility of a change involving the transfer of the government lines, subject to their existing obligations, to a private company. No private corporation could assume the enormous obligations which the government railways are under. If it did, the project could never be made to yield a profit and the company would find itself unable to finance the undertaking.

In other words, if we did hand the Canadian National Railways over to the Canadian Pacific Railway we would still have to pay the interest on a large part of our obligations because, as Mr. Beatty said, the Canadian Pacific Railway would not assume them. We would be in the position that the Canadian Pacific Railway would probably have a profitable enterprise and the Canadian people would still be paying the shot by way of interest on liabilities.

To the relief of the house I am about to discontinue my remarks in connection with amalgamation, and shall consider part III of the bill. The purpose of part III, as the minister has said, is a worthy one. It provides for the elimination of wasteful com-

petition, covering joint use of terminals, running rights, joint use of tracks, new line and duplication of old lines, abandonment of lines, and the pooling of freight and passenger traffic. If one road makes a suggestion that the other road agree to eliminate a service which appears to be extravagant and wasteful, and the other road refuses to accede to the wishes of the first road, there is provision for the appointment of an arbitral tribunal. A tribunal is appointed for each separate dispute. The point I would like to make in connection with these tribunals, apart from the extreme degree of authority given to the chairman of the tribunal, is that the railways alone can initiate the arbitral tribunal—I think I am correct—that no one else, no matter how far the public interests were prejudiced, can initiate an arbitral tribunal. The chairman always is the chairman of the Board of Railway Commissioners, and there is one representative of the Canadian Pacific Railway, and one of the Canadian National. The chairman is supreme, because decisions cannot be made without his consent. Naturally each representative of the railway would adhere to his own view, the chairman gives the decision, so that in effect the chairman is the one who makes the decision. His decision is final; there is no appeal from it.

My criticisms in connection with the arbitral tribunal plan are these: first too much power in the hands of one man; second—this criticism is made by others and I do not place so much stress upon it, but it is made by the Canadian Pacific Railway—compulsion is unfair to the Canadian Pacific; and third that the public is not protected; and that is the strongest criticism that I have to make. It should be possible for the public to initiate an arbitral tribunal. I make the suggestion for the consideration of the government and the house, that so far as the one man power is concerned, that could be avoided if additional powers, such as are given now to the arbitral tribunal, were vested in the present Board of Railway Commissioners, and that a majority there should decide. With regard to the matter of compulsion I might make this suggestion for what it is worth, that you would get rid of that factor if these disputes were referred to a body similar to that which acts under the Industrial Disputes Act. Their decisions are not compulsory, but usually, if they are fair, and I think ordinarily they are, public opinion would see that they were brought into force.

In conclusion I would say that, after all, the working out of the provisions of this bill will succeed exactly in the degree that it is done in good faith. If a good board is appointed, a capable board, non-political, a board that is not concerned with anything but the good of the railways, and that believes in the principle of public ownership, I think good may result. If I thought for one moment—I do not—that it is the intention of the government or anyone else that this bill shall lend itself to the amalgamation of the roads without the consent of this house or the people of Canada, I certainly should oppose the second reading of the bill. I prefer to believe that the government, that parliament, that the trustees to be appointed, are sincere in an effort to do what can be done to relieve the people of Canada of the burden now oppressing both railways. I shall therefore vote for the second reading of the bill, reserving always the right to make such suggestions or amendments as may seem desirable when the bill goes into committee of the whole house.

Mr. JOHN T. HACKETT (Stanstead): The discussion on this bill falls within rather narrow limits. The remarks of the hon. gentleman who moved the second reading (Mr. Manion), as well as of the hon. member for North Waterloo (Mr. Euler) who has just spoken, show that the bill will have substantial support from both sides of the house. I do not think any useful purpose can be served by retelling the long story which brought about the investigation and the findings which underlie this bill. My hon. friend from North Waterloo is an ardent and consistent believer in public ownership. He could not therefore refrain from inviting the government to select for trustees under the act adherents of his own economic theory. He is hopeful that men who believe in the principle of public ownership shall be selected for these very important offices. That probably is a natural suggestion from one who entertains his views. But he surely does not expect those who entertain contrary views to be very much moved by the suggestion. He has told us that railroads are publicly owned in other parts of the world; he mentioned Germany, where I think public ownership was adopted for military purposes. He mentioned France, where the roads are with some exceptions publicly owned, to the great dismay of the population and the disarray of their finances. In Australia the railroads are publicly owned. Almost every possible plan of administration has been tried, and the railroads continue to be, as with us, the principal burden and item in public expenditures. My hon. friend from North Waterloo wishes that politics, which he considers a baneful influence in the administration of railways, should be banished therefrom.

I think many of us share that wish, but after all when ownership resides in the public I think that the owner, expressing his views through the politician, his mandatory and spokesman, will inevitably and always find a voice. The hon. member for North Waterloo warned the house that he was speaking for himself alone, I too can say that as far as I am concerned I am not sure that if public ownership is to prevail it will not bring fewer evils in its train, if administered honestly and openly, as the other public undertakings of this country. We have got into serious trouble with our railways largely because, being publicly owned and subject to political influence, we have endeavoured to shield them and ourselves from reality by putting them under what is called independent administration. I do not believe it is possible to have administration which is entirely free from the influence of ownership. So long as we have public ownership of railways, public men are bound to exercise a certain influence over their administration no matter what safeguards surround it. I will ask the house, taking it for granted that a tremendous debt has been placed upon the country as a result of the public ownership and administration of the railways, whether this debt would have been as large, whether our position would have been as perilous if these roads had been administered—with all the ills and evils of partisanship and politics—by a responsible minister of the crown who was subject to the curiosity, to the criticism and control of a vigilant parliamentary opposition. I doubt it very much indeed.

Be that as it may, my task is to discuss very briefly the three or four salient aspects of this legislation. The train of events leading up to the legislation is well known to the house. We have invested in railways $2,600,000,000 and, roughly, half of that amount is owing to the public. The interest on the amount that is owing to the public is about $60,000,000 a year. To find the money necessary to refund and retire maturing obligations; to find the money necessary for capital expenditure, for interest on obligations, and latterly for income deficits, we have borrowed. We have borrowed continuously and consistently until, as I said a moment ago, the amount now owing to the public by the railways is about $1,300,000,000. A very substantial portion of this amount is guaranteed by the government of Canada. About two or three hundred millions are not contractually guaranteed by the government but are effectually guaranteed inasmuch as the debt is a lien upon the entirety of the enterprise which is operated as a whole.

[Mr. Hackett.]

The full cost of railway transportation must be paid by the classes served, by the taxpayers of the time, or charged to the future with compound interest. To spread this cost over a long period in the name of constructive benevolence is the course which we have followed until now. We are told that our borrowing power is exhausted; in fact, there is in the bill a provision which makes it illegal to borrow for the purpose of paying income deficits. The royal commission was appointed to find a solution for this problem. It was appointed to examine the whole transportation problem and if possible to find a way out which would relieve the country and in particular the taxpayer. After considering the problem in all its aspects it brushed aside the possibility of amalgamation either by purchase or by lease. The reason given was that amalgamation was inopportune at the moment. Another reason given was that it would be unwise to formulate in a moment of stress a definite policy which might be unsuited to more normal times. That leads one inevitably to the conclusion that this proposal embodied in the report of the commission and reproduced in the bill is but a temporary expedient and does not contain any final disposition of the railway problem.

The bill aims at bringing some relief to the Canadian taxpayer and it finds that the only way that it can do this is by reducing the cost of operation. It cannot reduce the debt; it cannot increase the earning power; so that the only method left is to reduce the cost of operating of the roads. It proposes to do this in a hitherto untried way. Had amalgamation taken place either under private or public ownership, the owner would then have reduced the railway system to the size, needs and capacity to pay of the Canadian people. This bill, while maintaining the identity of ownership of both the privately and publicly owned roads, attempts to bring about this elimination of unnecessary equipment, mileage and service, by a method which, so far as my investigation has carried me, has never been tried before. The method is euphemistically called cooperation, but it is a type of cooperation which is to be coerced if it is not voluntarily entered into. I cannot see how either party mentioned in the bill can be expected voluntarily to lop off large portions of its system. It is admitted that we have too much mileage; it is admitted that we have too many trains, and it is admitted as a consequence we have too many men in the employ of the railroad companies and that, therefore, it is necessary to reduce the mileage in

operation and to eliminate the service and equipment which duplicates in any form that given by the other line. The tribunal will have not only the right but the duty of determining where this elimination can most properly take place. Naturally the Canadian National will not be disturbed very much by the exercise of these arbitrary powers; it is owned by the people of Canada and indirectly administered by the government of Canada and the creation of a tribunal by parliament will subject the Canadian National to no new control or master. But it is not so with the Canadian Pacific; that road will find itself subjected to the rulings of a tribunal which will have the right to say: this portion of your road you shall no longer use; this station shall be invaded by your erstwhile rivals, or this ticket office shall be closed. In other words, the government will be actually controlling private enterprise and stating how far it may exercise the rights which up until now have been limited only by the statute of its incorporation and by the jurisdiction of the Board of Railway Commissioners. This is a new principle applied to the business life of our country, and whether or not it will be applied tomorrow to the operators of cotton mills, to the growers of wheat or to other branches of our financial, industrial and economic life remains to be seen. It may even contain the germ of the new order toward which all eyes are turned. However, it is an experiment and an experiment which cannot be looked upon with equanimity by both parties affected by the bill. The one will remain under the control of its owners, the other passes under the control of an alien power.

Can this legislation remedy the railway ills of the country? By cooperation, voluntary or coercive, by the elimination of duplication and the loss and waste incident to competition, can we hope that the revenues from the Canadian National Railways will be equal to the carrying charges of the debt which now weighs upon the Canadian National Railways and their owners, the people of Canada? The minister has told us of the great effort which has been made by the officers of the Canadian National to reduce the expenses of that road. I am not in a mood to criticize or to carp, but if the expenses could be reduced by 112 per cent, the road must have been generous if not lavish in its expenditures in better days.

Even though this bill bring all the relief that its most ardent adherents hope for, the railway problem will not be solved. Let no one be lulled into the belief that the passage of this bill will extricate us from the difficulties incident to the ownership and administration of this vast transportation system. Before we have disposed of the problem not only will highway traffic have to be brought under control, as suggested this afternoon by the minister, but a closer investigation will have to be conducted into the competition offered by our canals. We have spent millions, yes hundreds of millions upon our canal system. We permit foreign boats to leave the port of Vancouver, let us say, go through the Panama canal where they pay tolls, come up the St. Lawrence river and through our canals, which are toll free, and penetrate 2,000 miles inland in competition with our railways. I submit that that is a type of competition rather difficult to justify, especially in these days when the Canadian taxpayer is under such a heavy burden.

There is another aspect of the railway situation which the royal commission seems to have overlooked, that is the relationship between the railroads and the railway employees. I am aware that the railway employees are highly organized, that they are a very valuable element of our population, intelligent, industrious and law abiding; but the fact remains that the scale of wages and the operating rules under which they ply their trade are unusual and exceptional. If members of certain branches of the running trades drive an engine a hundred miles in a couple of hours they have done a day's work. If a crew is called out for a short time, again it is treated as if it had done a full day's work. I am not anxious to take away from the Canadian railway employee anything to which he is fairly entitled, but if this problem is as serious as we are told on all sides and as we have been told by the royal commission itself that it is, it seems to me that we shall have to scrutinize more closely the conditions of labour as well as those of the pay of that vast army of railway employees.

There are aspects of the bill which do not greatly appeal to me. The centralized power in a board of three trustees has elements of strength; it also has elements of peril. In a moment of stress and of emergency it may well be that a small and highly concentrated board of this type can render useful service. But one of the great ills of the years just passed has been the tendency to merge, centralize and concentrate, with the result that the outlying districts have been neglected for the big centres, the cities, with the consequence that the strong have become too strong and the weak have become weaker.

I fear that in this highly centralized organization there are possibilities of trouble which, in other times at least, should be avoided.

The hon. member for North Waterloo (Mr. Euler) made some reference to the fact that the president was supreme in the arbitral tribunal. I suggest to him that if he reads carefully clause 23 of the bill, he will see that it is only in certain cases that the assent of the presiding officer is necessary and, furthermore, that the criticism which he levelled at the president of the tribunal is not wholly justified, because it is stated in the next section to that to which he referred, that a majority of the tribunal shall determine its decisions.

But if there are some features of this bill which are not attractive to me, I feel impelled to support it for several reasons. In the first place, it embodies the result of an investigation by men who were eminently qualified to undertake it. True, it is an experiment; true, it invades or seems to invade private property and makes one wonder whether this is not the introduction of a system of state control which, if carried to extremes, might arouse severe controversy throughout the country. But it is a studied and serious attempt to meet the situation; it is an attempt by a government which is confronted by a multitude of problems, to meet the most serious of our financial difficulties. These are times when I believe a government should be upheld, steadied and supported, almost at any cost. I cannot foretell that the administration of this act will be unfair. Furthermore, this measure is put forward as a temporary means of meeting an emergency, and as such I shall support it, not gleefully, not cheerfully, not even hopefully, but under the dictates of duty, praying that it may do something to arrest the growth of debt resulting from the public ownership of our railways, and something to cure this running sore which has sapped our national life for the last ten years.

Mr. A. A. HEAPS (North Winnipeg): Mr. Speaker, there are a few observations I desire to make upon the second reading of this bill. I wish, however, to approach the question from a somewhat different angle than that from which it has been approached this afternoon. I have no desire whatever to go into the relative merits of public or private ownership. We find in those countries where the railways are entirely under private ownership they are in exactly the same, if not in a worse position than are our own. I have only to cite the condition of the railways in the United States and Great Britain to show that my statement in regard to public ownership is correct.

I am in agreement with what the hon. gentleman (Mr. Hackett) who has preceded me has said in regard to the canals of this country. According to a report recently submitted to the house, if we allow a certain amount for interest on capital expenditure on our canal systems, it will be found that the annual interest charges will amount to somewhere in the neighbourhood of $14,000,000, while the return for that expenditure is extremely limited.

The previous speaker has made a sort of veiled attack upon the situation of the men employed on our railways. The condition of most of those employees entitles them to a good deal of our sympathy and consideration. When it is realized that on the railroads of this country including the railway shops only from ten to sixteen days per month is being worked, and that the average wage of all men employed on our railroads from the top right down to the bottom is from 55 to 60 cents per hour, the hon. gentleman who preceded me will get some idea of the conditions at the present time amongst the men employed on the railway systems of this country.

With what the hon. member for North Waterloo (Mr. Euler) said in the house this afternoon I am happy to find myself largely in accord. I wish I could say the same regarding the address of the Minister of Railways (Mr. Manion). I listened very attentively and with appreciation to the very able presentation he made of his case and to his very frank statement. There are just one or two observations I wish to make with reference to some of his statements, and first of all with regard to the character of the men who were appointed to the Duff commission to investigate the railway situation in this country.

The commission was composed of seven gentlemen, no doubt all very estimable in their own way. I find amongst them a lawyer, a doctor, a professor, a bank president, a financier, a gentleman from the United States and a gentleman from Great Britain. The Minister of Railways very frankly stated this afternoon that the appointments from Great Britain and the United States to that commission were made for the purpose of giving protection or representation to the investors in bonds and railway security holders residing in Great Britain and in the United States. Well, Mr. Speaker, if we are going to solve our problems in this country, as naturally I want to see them solved, I believe that we have suffi-

cient intelligence within our own dominion to solve our problems without importing people from outside. In that respect I happen to be a very high protectionist; I believe in a Canada first policy.

But we have in this country a very large element which is also deeply interested in the railway problem. I refer to that vast element which is commonly called the labouring element, the men who work on our railways to the number of 175,000, and many others outside the direct employment of the railways, who received absolutely no representation on this commission. I feel that if the investors in the United States and Great Britain were entitled to representation on the commission because of the money interest, the human element, our own Canadian people, were just as much entitled to representation as were investors in railway securities in other parts of the world. While most of the commissioners did not consider the railway problem from what might be termed a party bias, I am satisfied that many of them did have a certain bias in a certain direction when considering this problem, and I believe that their bias was more in favour of the investors, bondholders and stockholders than in favour of the welfare and well-being of the people of this dominion. I remember meeting one of the commissioners for the first time in my life after the report had been made, and discussing it with him. I put this question to him. "You have considered this railway problem and made your recommendations, and no doubt as this process of cooperation goes on between the two railways large numbers of the employees will be eliminated from the services. What consideration I asked, did the commission give to that aspect of the question?" The answer was very simple. He said that they gave no consideration to that aspect of the question. When I pointed out that these men had given a great deal of service and endured sacrifices in helping to build up the railways of this country and asked what he was going to do with regard to the men who would be so unfortunate as to lose their positions, the only answer I could get from this gentleman who investigated the problem was that it was of course a most unfortunate situation, but nothing could be done.

In the first place, Mr. Speaker, I claim that the present situation in which our railways find themselves is due not directly to the policies of the government, present or past, but rather to the economic conditions prevailing throughout this country, and we are now proposing to pass emergency legislation in order to create a prosperous railway situation in this dominion amidst the present distressful economic conditions. Personally I do not think it is possible even with the economies that may be effected under this bill, to bring about a condition of affairs where the two great railways in Canada will be placed in what might be termed a prosperous condition.

The Minister of Railways claimed that the railway problem was the most important problem that we have to face at this particular time. I do not agree. I think that the greatest problem in this dominion that we have got to face at this time is the unemployment problem that is now before parliament. But assume for the sake of argument that in some way we even partially solved the railway problem; at what expense are we going to solve it? We could partially solve that problem only by adding to the vast numbers of those who are already unemployed in this dominion.

Mr. POULIOT: Both problems are connected.

Mr. HEAPS: I am quite ready to admit that there is a connection between the two, but if we are going to solve, or partially solve, the railway problem by intensifying the unemployment problem, our national problems would still be in relatively the same position as at present. Until we get down to a more fundamental basis and deal with the whole of our national life and solve our unemployment problem before we attempt to solve the railway problem, I can see no hope of our solving the railway problem. If the government is going to legislate in the interests of the railways to help them solve their problems, I have a right to ask the government that they should help to solve other national problems, and the first problem to which I would direct their attention is the unemployment problem.

Secondly, I would suggest that they do something to solve the farm problem, which is an extremely serious one in this country. I think that point was stressed by the Minister of Railways himself this afternoon when he pointed out that unless we have a prosperous farming community, particularly in the three prairie provinces, there is no hope practically of our national economic life being readjusted.

Furthermore, I think that when discussing these financial questions and other problems that we are asked to consider, our first consideration should not be the dollars and cents; but first consideration ought to be given to the human element which is the very backbone of this dominion. If the basis

of cooperation suggested under this legislation is carried out by the railways of Canada, it is bound to mean abandoned rails and bridges, and a certain amount of abandoned equipment, but on all that abandoned equipment we shall have to continue to pay interest charges even though it may never be used again. On the other hand, I would point out that it will involve putting out on the streets, and adding to the number of those already unemployed, men who have worked on our railways during the best years of their lives, which they have given to building up the railways of this country. I point that out to show how differently we treat the owners of capital and the human element, our own people here in this dominion.

It was pointed out by the president of the Canadian Pacific Railway that about 83 per cent of the securities of that railway are owned outside of this dominion. I do not know just what the proportion is in the case of the Canadian National, but if I am asked to choose between the interests of the men employed on the railways and the interests of the foreign bondholders, I am going to choose the interests of the men employed on the railways, and that is the difference between my attitude and that of those who have preceded me in considering the question that is now before the house.

Mr. POULIOT: This is a sound policy of Canada first.

Mr. HEAPS: A few weeks ago the president of the Canadian Pacific Railway, speaking in the city of Winnipeg, made the following reference to those whom he represented. This was his statement, as it appears in a little pamphlet which I presume most hon. members have received and read:

> We cannot agree to turning over to an arbitrary body the conduct of our enterprise and the shaping of our policies, when, in the nature of things, the consequences must be borne by the shareholders. The views of those charged with the responsibility of protecting the enormous investment in the Canadian Pacific would not, in these circumstances, prevail. This is not regulation; it is the assumption of complete powers of administration without financial responsibility.

I am attempting to point out that the president of this large railway organization says, in effect, that in reality he is representing the security holders of that corporation. From my place in this house I prefer to represent the Canadian people as a whole who have no doubt a much larger interest in the Dominion of Canada than have any of the bond or policyholders of either of the two great Canadian railways.

In this bill, to a very large extent, we are being asked to cut down on services and personnel for the purpose of protecting the foreign security holders of our railways. That, in reality, is what the measure amounts to. I have no desire in any way to prevent people who have invested in this country from receiving the protection to which no doubt they are entitled. I believe however that I owe a duty to the people I represent in this house. Therefore unless there is some provision made in the bill which in some way will give protection to the men who may be affected by the proposals contained in the bill, I cannot say that I shall be disposed to support it.

I know there have been many economies effected in the administration of both railways. I realize fully that many of the men employed have been discharged, although some of those employees had been in the service of the railways for terms running up to twenty years. They have received no remuneration or consideration for the services they have rendered either to the railways or to the dominion. In connection with the bill however we find ourselves in a somewhat different position. By the legislation before us we would be putting into effect certain economies which would mean the displacing of large numbers of employees, and depriving them of positions which had previously enabled them to earn their livelihood. If this legislation is going to have the effect I have described, then I believe we ought also to see that they receive exactly the same protection as the bond and security holders. If we dismantle part of our railway system, the people who own the bonds of the dismantled parts will receive their interest charges on the debt guaranteed by the dominion. Why should not a human being be in as happy a position as a man who owns $2,000 worth of bonds. Yet by this legislation we may put thousands of men on the streets, men who have no prospect of being reabsorbed into industry.

I should like to suggest that if as a result of the legislation before us large economies are going to be effected on the railways, I feel a fairly large part of the moneys saved should be placed in a reserve fund. That fund could be augmented by a contribution from the state, and could be utilized to give relief to those men who have been displaced until such time as they can again be absorbed into industry. If such action were taken, I believe to a very large extent the hardship which would result from the legislation before us would be mitigated. I make that suggestion because with the legislation before us I believe we are in a position different from that in which we were previously. If no such legis-

lation had been placed before the house by the government I have no doubt that the men affected by changes would be in the same position as men whose services had been dispensed with previously. Those men would be placed in the army of the unemployed. But now that the government is taking a hand in the situation I feel the first thing we ought to do is to make provision for the men who, as a result of the legislation, will no doubt in the very near future find themselves without the means of subsistence.

I feel that perhaps we are emerging into a new period in the history of our economic life. We see evidence of that around us every day. I do not have to point out what is taking place in Canada; we learn of what is taking place across the border line. If we are to solve the problems with which we are confronted, I do not believe we can solve one problem by creating another of greater magnitude. So in connection with the railways, we will not solve the railway problem if in doing so we create another army of unemployed. In the speech he made at Toronto Mr. Beatty pointed out that if all the railways were amalgamated they could get along with about seventy-five per cent of the present personnel. I know there is no talk about amalgamation; it is not proposed in the bill. However, I must say that at times the dividing line between cooperation and amalgamation is so very thin that distinction between the two is almost impossible. Of course, actually in the one instance there are two companies, and in the other only one. However, as far as the men employed are concerned the difference is not very great. It makes no difference whether a man on a railway loses his job through cooperation or amalgamation, he loses it just the same. So, if the prospects are that in the immediate future as a result of cooperation between the two railways 20,000 men will be let out, with no opportunity whatsoever of absorption into the economic life of the country, I think one of the first duties of parliament is to see that we take action which will prevent those people from becoming a burden not only upon themselves but upon the country as a whole.

Therefore in the observations I have made this afternoon, in the interests of our own Canadian people I express the hope that parliament will consider the possibility of additions to our unemployed army because, as I have previously stated, we will not solve our railway problem by simply adding to the great number of unemployed in our dominion.

Mr. R. B. HANSON (York-Sunbury): Mr. Speaker, I desire to make a few observations at this time, because I consider the measure before us the most important problem with which parliament will have to deal at this session. Because the railway position in Canada has reached such stupendous proportions and its effect on the body politic is so great, and because it bears so heavily upon the welfare of our country, I believe all who have studied the problem ought to give the very best consideration to the bill before the house.

In opening may I congratulate the Minister of Railways and Canals (Mr. Manion) on the very reasoned statement he has given to parliament and to the country. While I am no flatterer I think I can honestly say that the hon. gentleman has enhanced his reputation on the floor of this house by the deliverance which he made to-day. With practically all the statements that he has made we find ourselves in agreement. With the remarks of my hon. friend from North Waterloo (Mr. Euler) I find myself also in agreement on nearly every point, the saving exception being his statement, as a strong believer in the principle of public ownership, that only believers in that principle should be found on the trustee board. I do not think that it would be the reasoned opinion of this country that only those should be appointed to this proposed board who have demonstrated that they are believers in that principle alone. May I say that many of the best businessmen in this country are not believers in the principle of public ownership, and if the position of the hon. member were maintained in that regard I think he would find that the limits within which to choose a trustee body would be very narrow indeed.

Mr. EULER: Oh no, no.

Mr. HANSON (York-Sunbury): Well, I am only expressing my own opinion, as I assume he was. While we all know that he has been at all times a very earnest and consistent advocate of the principle of public ownership, yet he will give to those of us who do not agree with that principle the same liberty of private judgment which he claims for himself.

Before I proceed further with the discussion, and lest I forget it, I should like to congratulate the Senate upon having inserted in the bill a provision that is of very great importance to that portion of this dominion from which I come, namely the Atlantic coast; asking parliament once more to embody in the legislation of this country a re-

quirement for which we from the Atlantic coast ports have been contending for many, many years, namely, that freight originating in Canada for export, when not otherwise stipulated by the shipper, should be routed through Canadian ports. That is a provision which if my memory serves me right is embodied in the National Transcontinental Railway Act, but which has been consistently ignored from that time almost to the present. If the embodiment of this principle will have the effect of satisfying the aspirations of our people in the ports of Saint John and Halifax, it will be an additional reason why I, at all events, will vote for this bill.

There is another thing which the Senate has done for which I commend it. I think, to the utter astonishment of every member of this house and, I believe, of a great many of the people of Canada, there was in the original bill a provision that no member of the House of Commons and no member of the Senate, speaking generally, would be eligible for the position of trustee. As far as I am concerned I never could understand for a moment why the Duff commission put that provision in their report.

Mr. EULER: An insult!

Mr. HANSON (York-Sunbury): Well, I am not going to use that term, to say it was an insult to members of the House of Commons and the Senate, but I will say that, having been a member of this body for twelve years, and having met many men from different parts of the country, I believe there have been members of the House of Commons and of the Senate, and that there are members of the House of Commons and the Senate, who are quite as capable of performing the duties of trustee of this national railway as any of the business men of this country. When I say that I have not in mind any single individual, I am making the general statement, which I believe is founded on truth, that there are members of this house who are quite as capable of filling these positions as worthily as any citizens of this country.

Mr. JACOBS: May I suggest to the hon. gentleman that perhaps the reason was that they did not want to lose the benefit of the outstanding abilities of the members of both houses of parliament.

Mr. HANSON (York-Sunbury): I thank the hon. gentleman for the suggestion. But it is fashionable in Canada to invite outstanding citizens to become candidates for the House of Commons, men are sought for their ability, their standing in the communities in which they live, and then after they are elected they are sneered at as politicians. I resent that.

Mr. GRAY: Will the hon. member permit a question? How do you reconcile that with the legislation respecting the tariff board?

Mr. HANSON (York-Sunbury): I have not in mind at the moment the legislation that the hon. member refers to, and I do not wish to be diverted from the line of thought I am trying to develop. I commend the Senate for what they have done in that regard.

This Duff commission was directly set up by the government of this country as a result of the report of the 1931 select standing committee on railways and shipping. I well recall the day when Sir Henry Thornton made the statement which he did in the spring of 1931 to that committee, of which I was then and had been for some years a member.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILL

SECOND READING

Bill No. 41, to incorporate the Sarnia-Port Huron Vehicular Tunnel Company—Mr. Gray.

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

The house resumed consideration of the motion of Mr. Manion for the second reading of Bill No. 37 respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific railway system, and for other purposes.

Mr. HANSON (York-Sunbury): Just before the house rose for the dinner recess I was referring to that section of the original draft of the bill which has been deleted by the Senate, namely, the section containing the prohibition against the appointment of members of parliament, either of this house or of the Senate, as members of the board of trustees. I am glad that the Senate took that course, which has met with such universal approval at the hands of the members of this house.

Just before the dinner recess I was alluding to the birth of the Duff commission. In the session of 1931 Sir Henry Thornton made his recommendation to the special railway committee and brought down the suggestion of a

commission to examine into the railway situation in Canada. I must confess that my first reaction at that time was that it was a vision of despair, on Sir Henry's part, of being able to deal adequately with the situation as it then presented itself; but as it was a constructive suggestion it met with the universal support of the members of the committee. and I believe the unanimous approval of the members of the house when the report was finally presented.

Now what is the underlying principle of the Duff report? The underlying conception of the report is that the utmost economy should be exercised in the management of this railway, and I suggest to you, Mr. Speaker, and to this country, that that is the principle which the special railway committee dilated upon for two sessions and brought to the attention of the house and of the country; and if you will read the report of the special railway committee submitted in 1931 and again in 1932 you will observe that by unanimous consent of the committee and later by unanimous consent of the house that very principle was stressed. Yet, if you examine the Duff report from cover to cover, you will find not the slightest reference to the work of that committee, though I consider that the committee did very valuable work for the people of this country in laying the foundation and the basis of the Duff report. I am not peeved at that but I should like the country to know that as a direct result of the action of the special committee on railways, canals and shipping owned by Canada, and in consequence of the recommendations that were made, the directors of this company, given the proper cue and mandate from the House of Commons, have done valuable work in the direction of this very principle of economy in administration and in particular with respect to the principle of exercising economy in the management itself.

The Minister of Railways this afternoon gave some very interesting figures with regard to the elimination of surplus officers. I say that the mandate for that work was given by that special committee in 1931 and 1932. As to the personnel of the commission, as has been well pointed out, they were men of very high character. We heard some criticism this afternoon that a particular class in the country had not been represented. I do not think there is any basis for any charge to be laid against the commission in that respect. The members of the commission were selected for their ability and outstanding position in the country, and in my opinion the government was fortunate in getting men of such high character and ability, who were unselfish enough to devote their valuable time and attention to the consideration of this great problem. I happen to know some of these gentlemen personally. I know the gentleman who was appointed from the eastern provinces and I can assure the house that his greatest ambition in life is to render public service—and he is not looking for any emoluments or rewards or titles. He is a professional man and I believe he brought to bear upon the consideration of the problems that faced the commission ability of the highest character. I had the pleasure of an interview with him in very recent weeks and I am glad to be able to inform the house and the country that, as he tells me, in respect of no single recommendation made by them were the commission influenced, nor was it suggested to them, to make any particular recommendation on behalf of the administration or of any public men in this country. The report is solely the report of the commission, based on their observations and on the evidence adduced before them. We may take it for granted therefore, I think, that the report is representative of the very best judgment of which the men who composed the commission were capable, men who were representative of the best element in the community.

Some criticism has been made with regard to the appointment of a gentleman from Great Britain and another from the United States to serve on the commission. I have not the honour of the acquaintance of either of these gentlemen, but we do know that Lord Ashfield is a man of worldwide reputation in transportation matters, and Mr. Loree was one of the most outstanding railway representatives in the neighbouring republic. I say therefore without fear of successful contradiction that no commission of this kind would have been complete had it not included experts in the transportation business. It has been said that Lord Ashfield was named on the commission because of the large quantity of Canadian Pacific securities held on the other side. That may well be; but I suggest that the underlying reason for his appointment was the fact that he was an expert in transportation, and it is on that basis and because of that fact that we ought to give the utmost consideration to any recommendations which he had to make at that time, and not because he represents any particular class.

With the exceptions I have noted, the bill as drafted follows very largely the report of the commission. Aside from stressing the principle of economy, I think the most outstanding feature of the report is the recommendation made in explicit terms that there

shall be no amalgamation of the two great national railways. With that recommendation I am in wholehearted accord. I do not say that amalgamation will never come; if economic conditions continue as they are it is just possible that we may be forced into that position, but I say to the government and to the members of this house that the people of this country are fearful of monopoly of any kind, and particularly of a railway monopoly. It must be remembered that we have only two lines of railways and the people will not accept amalgamation unless such a course is needed to save the credit of the country itself. I congratulate the commission upon this outstanding recommendation in its report and I believe the members of this house will support that recommendation almost one hundred per cent.

I read with a great deal of interest the recent speech made by Mr. Beatty, for whom I have the greatest respect. I do not know him at all intimately, but I have read his utterances from time to time and they have always appealed to me as the utterances of a sound Canadian, one who believes in Canada and above all in the future success and prosperity of his own company. However, I must say that the impression left upon my mind by Mr. Beatty's last address was that it was the utterance of a defeatist. I hope that that is not the case; I hope that Mr. Beatty still has the courage which characterized him as a young man when he took over the position of chairman of the Canadian Pacific Railway.

An hon. MEMBER: And his predecessors.

Mr. HANSON (York-Sunbury): Yes, and his predecessors, who were all great Canadians. I trust he will go on even though he may think that he is being hampered to a degree in the administration and control of his own company. I hope he will go on and make of the Canadian Pacific the great success which its past history warrants. I have always felt in the past that the standing and credit of the Canadian Pacific Railway was the standing and credit of Canada in the eyes of the nations of the world, and I should be sorry to see anything done by this parliament which would impair that standing in any degree. It must be apparent to those who have read the report of the commission, to those who have studied the evidence and to those who have made the observations possible to be made in the years immediately past, that the Canadian Pacific has not been above criticism with respect to the capital expenditures it has made from time to time. I do not intend to particularize or to allocate any blame; it may well be that, as has been said, they were forced into this position because of the very keen competition of the Canadian National Railway. I do not see that any useful purpose is to be gained by threshing old straw. We are confronted with a serious situation and we should give to the problems now confronting us our very best thought, irrespective of the past and irrespective of where the blame may lie.

Part I of the bill deals with the setting up of a new system of control. This has been likened to a receivership, but in my humble opinion as a legal man, the analogy is not exact. There can be no such thing as a legal receivership in connection with the Canadian National Railways, having regard to the fact that the country has guaranteed the securities of that company. In my opinion, the new setup means a new system of directorship. In so far as it reduces the number of directors from the large number which now obtains and has obtained ever since the company was formed, I think the new proposal will be an advantage. Heretofore the directors have been appointed upon geographical grounds. We are a country necessarily provincial in character; if anyone does not believe that all he has to do is to look at the map of Canada which shows an area three thousand miles long by three hundred miles wide. The interests of one section of the country cannot coincide with the interests of another. The history of the past ten years has taught us that we should, as far as possible, avoid sectionalism, but when we come to apply the principle of sectional representation to the administration of a great business such as the Canadian National Railways, I am afraid we will have to admit that while a great deal depends upon the character and calibre of the men appointed as directors, the principle itself is not sound. I find myself in agreement with the hon. member for North Waterloo (Mr. Euler) who on more than one occasion has expressed himself along these lines.

I want it understood that I am expressing my own opinion when I say I doubt very much if a board of three directors will prove to be sufficient, considering the huge problems of finance and of administration which have to be dealt with, not to speak of the problems of operation which will have to be concentrated around the executive officers of the company. Such a board must consider the huge ramifications of the company and its many subsidiaries, and I suggest that a board of five would come nearer to meeting the needs. Again I say I want it understood

that this is my own personal opinion. I do not think these men can be selected because of geographical reasons. For the first year I venture to say that their daily burden will be excessive and that they will have to bring to bear all the ability at their command in order to obtain an adequate working knowledge of the many problems confronting the company. I venture to say that it will take at least twelve months for this new board to learn the ramifications of the company and its subsidiaries. I know that the present board of directors were in office at least twelve months before they were able to perform any useful functions in connection with the administration of the road. Once they felt their feet under them, once they had obtained an adequate working knowledge of the problems confronting them, in my humble judgment they did excellent work for the people of Canada. Much of the economy to which the Minister of Railways referred this afternoon has been the result of hard, diligent work on the part of the present board.

Another feature of the bill is the provision in part II that the president shall be the supreme authority, or, as some people have termed it, shall be a dictator. To say the least, that is not democracy. Under the provisions of this part the president of the board is to have supreme authority. It may work out all right—much would depend upon the character, calibre, integrity and ability of the chairman. Personally I do not just know where such a superman is going to be found, though it may be possible.

Mr. SANDERSON: There is only one superman.

Mr. HANSON (York-Sunbury): Well, he is a superman; let the hon. member make no mistake about that. I understand the allusion of the hon. member for South Perth (Mr. Sanderson), and the Canadian people ought to thank God that in these days of stress we have a superman. I venture to suggest that after what happened in the United States last week and what is happening now, the people of that country are thankful that they have a superman. I quite understand the jibe that lies under the remark of the hon. member, and I make this observation in all seriousness and with the best of good faith, that the people of Canada are to be congratulated that there is a superman in this country.

Mr. MACKENZIE (Vancouver): Ecce homo!

Mr. HANSON (York-Sunbury): with respect to the principle of amalgamation, some reference has been made by the hon. member for North Waterloo to the deletion of a clause or phrase in one of the sections, I think it is section 16, subsection 2, as regards the amalgamation of certain Canadian National railway companies. If I understand the report correctly, it expressly negatived the doctrine of amalgamation; the references in the bill as originally drawn were to the amalgamation of subsidiary service companies of the Canadian National railways, and on the principle of a thing not being negatived in an act of parliament until there is a positive assertion of a right or principle and to clarify the position, that clause was stricken out. If, however, we are wrong in our construction of the statute as drafted, by all means let us put the clause back, because I believe the Canadian people want that in the bill if there is any danger that there ever should be amalgamation under this or any other act. While I am speaking of amalgamation, let me say that the party on this side of the Speaker are committed right up to the hilt against a policy of amalgamation and I stand for my party's policy. Unless conditions become so bad that there is no alternative course, I believe we still adhere and should adhere to that principle, for the reasons I have attempted to adduce.

Part II of the bill deals with the principle of cooperation as suggested in the Duff report. Someone has described that as the expression of a pious wish. I think it is something more than that, because we all know that unless there is cooperation between these two railways and a cessation of the expensive competition that has prevailed for a number of years past, the condition cannot continue. Someone has said that you cannot kiss and fight at the same time. That is a true statement of fact, but there must be a cessation of fighting and that is what I think the commission had in mind when they made those recommendations of coordination. There cannot be coordination of these railways without someone being hurt. I certainly do not view with any great complacency the closing down of lines of railway in my community, and I do not suppose any other hon. member views with any degree of complacency that sort of thing in his; but where there are competitive lines, surely something can be done in that regard with respect to trackage and mileage. I do not, however, think that is what the commission had particularly in mind. They had in mind the coordination of the use of terminals. I am thinking of a little town in New Brunswick where three separate railways are functioning; the National system, the Pacific system and a little branch line called the Temiscouata in Edmundston. They maintain three separate stations, three separate

freight houses, three separate terminals, and there is not a stone's throw between the Pacific railway station and that of the Temiscouata. Yet there is a multiplicity of officials and services there.

Mr. VENIOT: And the town is interlaced with level crossings.

Mr. HANSON (York-Sunbury): Yes, and the town is interlaced with level crossings so that human life is always in danger at that point. It is the elimination of that sort of thing that the Duff commission had in mind when they made their report.

There is no doubt the bill gives authority to the board, in the case of arbitration, to deal with many different matters. If hon. members will refer to subsection 3 of section 17, they will notice that, without restriction of the terms previously used, a large number of specific matters are set out which may be the subject of arbitration in case of disagreement between the two systems. They are: joint use of terminals; running rights and joint use of tracks; control and prohibition in respect of the construction of new lines; joint use of facilities; abandonment of lines, services or facilities, and the pooling of any part or parts of freight traffic or of passenger traffic. It will, I think, be of the utmost value in solving the financial aspect of the problem if full use is made of the authority given by this bill, and because of that particular object in the bill I intend to vote for its second reading.

One would think—and this brings me to the third part of the bill—that sensible men, without any coercion or compusion, would see the necessity of coordination and cooperation in view of declining revenues and the failure to earn fixed charges. I had hoped and I still believe if the officers of these two railways were left alone, they would work out a very large measure of cooperation, but just because human nature is so frail and some of us are beset with vanity, it may be that they would not do what they ought to do. So the commission decided that there had to be compulsion.

Mr. POWER: May I ask the hon. member a question just to get his viewpoint? Is be aware of the fact that the bill provides for compulsion only when there is a dispute?

Mr. HANSON (York-Sunbury): I quite agree.

Mr. POWER: In my view, there are not enough teeth in the bill.

Mr. HANSON (York-Sunbury): I have given a good deal of thought to this particular phase of the bill. It has been argued, and in fact moved in another house, that the application of this principle of compulsion should be suspended in order to give the two groups of officers an opportunity to function along these lines. I am afraid we shall have to adopt the principle of compulsion, because the end in view is so absolutely necessary that there will have to be a board of arbitration in case of dispute to have it settled.

Mr. BEAUBIEN: Does the hon. member think you can have cooperation and compulsion at the same time?

Mr. HANSON (York-Sunbury): I do not think you can have cooperation and compulsion over the same subject matter, but this is a case where voluntary cooperation fails and there still exists the necessity of doing something.

Mr. BEAUBIEN: Supposing the voluntary compulsion fails, and then they go before this arbitral board which gives a decision against one of the companies. Will that company ever go before that board again?

Mr. HANSON (York-Sunbury): I have heard that argument before. If the necessity arises, of course they will go before the board. A man resorts to litigation once and gets licked but that does not cure him or stop him from going to litigation again. If it did, God help the lawyers! I do not agree with the contention of my hon. friend from Provencher (Mr. Beaubien). The worst feature about part III of the bill, or the strongest argument that has been made against it, is that it is an interference with the private rights of property, and unquestionably there is a great deal of force in that contention. But because the Duff commission investigated the matter so thoroughly; because the other house investigated it so thoroughly and heard evidence on that point, and because the arguments adduced in support of the position taken in this bill were so strong, I do not think there is any alternative for us but to adopt it.

To my mind the question resolves itself to this: Is the instrument set up in this bill a proper instrument? I am bound to tell this house that at first I had every sympathy with those who sought to have the Board of Railway Commissioners substituted for the arbitral board here proposed. But with all the information that I have been able to obtain, this is the conclusion I have come to—and may I say that I am speaking for myself alone: With the railway commission as it is at present constituted, and with the tendency to delegate to it from time to time new authority, new powers, and new functions, I am afraid that we are going to build up in this country some-

thing similar to the Interstate Commerce Commission of the United States. Anybody who has studied the history of the Interstate Commerce Commission will have noted that while it started from small beginnings, to-day it is clothed with functions which hamstring the administration of the railways in the United States, and I do not desire, so far as my vote is concerned, to substitute any such body as that for dealing with disputes between the two railway companies such as are visualized in this bill. That is my considered judgment on the subject. I would ask hon. members who have other views to study the history of the Interstate Commerce Commission, and if they do, and get a true picture, I think they will come to pretty nearly the same conclusion as that which I have reached—that we do not want to set up in this country a dictatorship covering a multiplicity of subject matters such as is covered by the statutes of the United States relating to the Interstate Commerce Commission.

Finally, will the present bill be a cure-all for the railway ills of this country? I do not think it will. This bill is simply another stage in the railway history of this country. It is like prohibition or government control of the liquor traffic, which is not by any means the final word in liquor legislation. Nor is this the final word in railway legislation in this country. But because we are confronted with a situation, because this house gave authority to the government to delegate to a commission of high standing and high character the investigation of this subject, and because that commission studied the question and the very best brains of the country were brought to bear upon the problem with all the information that was at their command, I believe we ought, and I think the country will expect us, to give effect to the major principles underlying the report of that commission. It is for that reason, Mr. Speaker, that I intend to vote for the second reading of the bill.

Mr. R. W. GRAY (West Lambton): Mr. Speaker, I know that the hon. member for York-Sunbury (Mr. Hanson) will pardon me if I do not follow him in all the remarks he has made this evening, but a little later I shall refer to one or two specific matters which were mentioned by the hon. member.

I should like to join with other members who have taken part in this discussion in congratulating the Minister of Railways (Mr. Manion) on the very interesting and able speech he made to the house this afternoon. I know he will pardon me when I say to him that there were times during his speech when we hardly recognized him, especially when he referred to the effect on the revenues caused by the existing trade barriers which had been erected. I could almost, but not quite visualize the return of the prodigal son.

Mr. MANION: I said world trade barriers.

Mr. GRAY: I feel sure also that the hon. member for Stanstead (Mr. Hackett) will pardon me when I say I cannot follow him in his suggestion that we should slavishly support the government at all costs, and that therefore we must support this bill. And in certain of the remarks I am about to make I cannot follow my esteemed friend from North Waterloo (Mr. Euler). Be that as it may, I feel it is the duty of everyone who has given some consideration to this bill to speak his mind upon it and to present his views to the house.

The bill, as has been stated, is the outcome of the recommendations of the Duff commission which was appointed by this government. The hon. Minister of Railways, as have other hon. members, referred at some length to that report. I intend to touch upon one feature of it, and to say to the house that I would have had a great deal more confidence in the report of the Duff commission had I not read under section 187 its finding with reference to the effect of waterways upon railway transportation in this country. The commission state as follows:

> Water-borne traffic will continue to be a factor of major importance in Canadian transportation both on the inland waterways and coastwise through the Panama canal, but rail traffic has in the main been adjusted to the conditions now existing and it does not seem probable that the developments now under way and in contemplation in connection with the Hudson's Bay route, and the deepening of the St. Lawrence-Great Lakes canals, will seriously prejudice the position of the railways in the future.

I wish entirely to dissociate myself from that view, because I believe that the deepening of the St. Lawrence waterways will seriously affect the railway situation in this country.

With the main features of Bill A now before the house I entirely agree. One cannot but commend the effort to effect economies in every way possible at this time. Having said that, it is necessary to examine this bill from other points of view in order to see just how these economies are proposed to be made effective.

It has been stated in another place that the first three lines of the bill reading, "An act respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific railway system, and for other

purposes," constitute the preamble of the bill, and that having adopted the preamble it means that we have stated openly and publicly that we are against amalgamation of the two systems, or to put it another way, against unified management. I submit, Mr. Speaker, and I shall attempt to show to this house, that the separate identity of these two roads is one in name only.

I have said that anyone giving consideration to the railway situation must be impressed with the need for economies. But are these economies to be effected not only at the expense of the roads but with a total disregard of the humane interests in the roads and in the public service of this country? For several months now we have been deluged with propaganda emanating from the Canadian Pacific Railway, from the president of the road down, pressing upon the Canadian people the thought of amalgamation. I say in all sincerity that I believe the Canadian people would have been much better satisfied had the speech which the Minister of Railways made this afternoon, in which he commended the work of that railway system, been made a few months ago. It is unfortunate that the minister reserved this speech until the bill is about to be enacted into law. The statements he made to-day would have had a settling effect upon the minds of the committee and the people of Canada generally, had they been made a few months ago.

The condition in which we find ourselves with respect to railway financing, and transportation finances generally, is not a new one. At the very outset of the regime of my respected leader (Mr. Mackenzie King) when he took office in 1922 following the general election of 1921, he found a somewhat similar situation. In the very first speech from the throne of his term of office, in the session of 1922, we find these words:

> The transportation system weighs heavily upon our national finances.

And it does to-day. Then he went on to say:

> But public ownership will be given a fair trial.

Is there anyone here to-night who will deny that public ownership was given a fair trial from 1921 to 1930 during the years of the King administration.

Mr. McGIBBON: It was not.

Mr. GRAY: Is there anyone who will deny that during that period there was built up in this country a marvellous railway system of which the Canadian people may justly be proud? During that period large capital expenditures were made. The preservation of the identity of the system has been pledged not only by the present Prime Minister (Mr. Bennett) but by the leader of the opposition.

An hon. MEMBER: Keep politics out of it.

Mr. GRAY: When I hear hon. members opposite say we must keep politics out of the discussion, I am reminded that since we last met in this house hon. members opposite have gone up and down this country hurling a tirade of abuse at the administration of the Canadian National Railways. I shall present for their edification, if for that of no one else, some of the statements of hon. members opposite who, under normal conditions, took a saner view of the situation. In that connection I shall refer to a speech made by the present Minister of Justice (Mr. Guthrie) in the budget debate of 1929. At page 743 of Hansard of that year he is reported as follows:

> In respect, however, to the national railway we on this side of the house are all optimists. We look upon that railway as practically our own infant and our own creature.

Then at page 745 we find the following:

> Now, when this wonderful Canadian National railway system has more than justified itself, now, that it is rapidly becoming in the nature of a great national asset, now that we may look forward to a day, not perhaps in my lifetime, but in the lifetime of some here, when this system will start repaying the government of Canada part at least of the money it owes to the treasury, to the day when it will have a clean sheet, as it ultimately will have, in regard to its bonded indebtedness to the public; now that the system is in this, a thoroughly prosperous condition, this government desires to treat it as its own creature.

When the Minister of Justice referred to "this government" he referred to the government of my right hon. leader. The minister continues:

> Whereas in 1919 it tried to cast it out as base-born now it wants to consider it as its legitimate offspring, and to profit by its success. Let me say, in concluding my remarks on this phase of the subject, that the national railway system in this country constitutes a lasting monument—

I know hon. gentlemen opposite will applaud this statement.

> —a lasting monument to the ability and statesmanship and determination of a single man, a member of a former Conservative government, and subsequently Prime Minister of that government. It is to his ability and foresight, to his statesmanship and determination that the people of Canada are indebted for this wonderful system of national railways.

Mr. MACKENZIE (Vancouver): He was chief pallbearer.

Mr. GRAY: The same right hon. gentleman to whom the minister referred, the leader of the government in another place, takes the child now full grown and leads it gently to a courtship with another, while this government looks about it for the dictator who will tie the knot.

As has been said, the bill is divided into three parts. Part I deals with the reorganization of the national railways, part II with authorization of and direction for cooperation; and part III provides for the tribunal which is to be set up to compel cooperation. I agree with the hon. member for York-Sunbury that it is hard to reconcile the terms "compulsory" and "cooperation." Much has been said about part III of the bill. In the debate which took place in another place I believe the main opposition was directed against that part. Here again I may differ from some of my colleagues when I venture the opinion that parts I and II, and not part III, constitute the dangerous elements in the bill.

In effect, part I makes five changes. First, there is provision for the reduction in the board of directors from seventeen to three. Here again I shall follow the hon. member for York-Sunbury when I state that in my view the directorate should not consist of three but of five full time men, one of whom should represent labour. The second provision is for a continuous audit by independent auditors; third, that the president of the road shall no longer be chairman of the board of directors; fourth, that the bond issue, which has been mentioned, will now be made direct by parliament instead of by the railways themselves, and guaranteed by parliament. The fifth provision is for the absolute dissociation of the government from any control whatsoever over the road.

As to the general principles in Nos. 1, 2, 3 and 4 I have no complaint. As has been mentioned to-night, all these matters were discussed by the special committee on railways and shipping, and while not all of the conditions I have outlined were brought in as recommendations of that committee, some at least were brought in and the others were approved in committee. We did not need an expensive commission to bring in these recommendations; that could have been done simply by amending the Canadian National Railways Act. I believe the hon. member for York-Sunbury has said that there is no mention whatever of the work of the committee. I find, however, that that is not the case. The criticism is made that the special committee on railways and shipping is not a necessity and should not again be set up.

I shall deal now with the provision that the board of directors be reduced from seventeen to three. I have said that in my view it should be reduced to only five, but I shall be content to discuss the bill as it appears before me. Only the chairman is full time and in him, as has been stated, is vested virtually the power of a dictator. Why do I say that? Because under section 11 (2) of the bill we find that:

> The trustees may decide or act at meetings only by unanimous vote or by majority which includes the chairman.

We have heard this afternoon some suggestions as to what a chairman should be. There are those who say: We must trust the chairman; we must feel and know that he will have the interests of the road and of the country at heart; therefore we should not take any other stand with respect to that matter. We are now discussing not a recommendation of the commission, but the adoption of the cold legal phraseology of this bill. It is not what we may think should happen, it is what is permitted under this bill that I propose to discuss. Others will say: But surely the Minister of Railways or his successor will have something to say with respect to the administration? I say not. This is a government road, the people of Canada are the shareholders, and a cabinet has been elected to represent the shareholders. Under the act as far as I can see the Minister of Railways is mentioned only once. Section 15 states that the annual reports of the trustees and the auditors respectively shall be submitted to parliament through the Minister of Railways. He becomes a mere messenger of the Canadian National board of trustees, to place upon the table of this house the annual report of these trustees and of the auditors for the time being. From the point of view of economy that may be all right; we can close the minister's office to-morrow when this bill is enacted and save the people $15,000 a year. That may be economy, but it is not responsible government. I will refer to that again.

But before leaving this part let me refer to the manner in which the government proposes to fill vacancies created in this office. The first three directors are appointed by order in council. Any vacancies that may occur are to be filled from a panel of eight, and those picking the panel consist of the president of the exchequer court, the chief commissioner of the Board of Railway Commissioners, and the remaining trustee. I hope I may be pardoned when I say that in my opinion this government, having created this board, are

seeking to perpetuate their nominees thereon. Why do I say that? I say it because, as I have shown, two of the trustees appointed for seven years form part of this selecting committee, and the chairman of the Board of Railway Commissioners, an appointee of this government, is one; and I say that this government, knowing that it is going to be in office for only a year, or a short time at best, seeks to perpetuate their appointees upon the people of Canada.

Having set up this machinery, what is proposed by part II of the bill? Let us look at section 16 and see what is possible under it. The hon. member for York-Sunbury and others have said: "No amalgamation." But what I want to point out is that under the powers given to this board, perhaps not amalgamation in the sense of one line being taken over holus-bolus by the other, but under that section piecemeal, this can be accomplished. Section 16 of part II says that the national company—defining it—and the Pacific company—

—are, for the purposes of effecting economies and providing for more remunerative operation, directed to attempt forthwith to agree and continuously to endeavour to agree, and they respectively are, for and on behalf as aforesaid, authorized to agree, upon such cooperative measures, plans and arrangements as are fair and reasonable and best adapted (with due regard to equitable distribution of burden and advantage as between them) to effect such purposes.

That is a general clause. Then subsection 2 says:

Without restricting the generality of the foregoing, any such measures, plans or arrangements may include and be effected by means of—

(a) new companies controlled by stock ownership. . . .

I submit that under that clause if the board of trustees deemed it necessary they could set up a holding company absolutely separate and apart from these two separate identities—

Mr. McGIBBON: That would be betrayal of trust.

Mr. GRAY: Perhaps so, but I am reading the bill as I see it. Subsection 2 says further:

(b) leases, entrusting agreements, or licences, or agreements for the pooling and division of earnings arising from the joint operation of any part or parts of freight or passenger traffic. . . .

(c) joint trackage, running rights, joint ownership, or joint operating agreements, depending upon the nature of the property or services included in any cooperative plan.

Let me read (c) putting my own interpretation upon the powers given to this trustee board. Not joint, but "amalgamated" trackage, "amalgamated" running rights, "amalgamated" joint ownership, or "amalgamated" operating agreements—

Mr. MANION: My hon. friend puts in the word "amalgamated." I think he should make it clear that it is not in the act.

Mr. GRAY: I did, I said that is my own interpretation. And then they could at the end of a year bring in an annual report saying that for the purpose of effecting economies we have deemed it advisable to amalgamate this and that.

Then let me point out that under subsection 3—

All or any of such measures, plans and arrangements may, if agreed to by the parties, be made terminable at will, or on or after stated notice, or for a fixed period or periods or any combination thereof. . . .

In other words, if they think it desirable they can do exactly what president Beatty has been urging this country to do, lease to the Canadian Pacific such portions of the road as they deem advisable for a period of ninety-nine years, and the Minister of Railways as I see it cannot do a thing about it. That to my mind is one of the main dangers of this bill.

Let us contrast for a moment the powers given under the Canadian National Railways Act with respect to the same matters. I will be very brief; I do not even intend to read the section. Under the Canadian National Railways Act of 1927, chapter 172, revised statutes of Canada, 1927, the side note of section 23 is:

Power to abandon line, and dismantle or dispose thereof by consent.

And the section reads:

With the approval of the governor in council, and upon the recommendation of the Board of Railway Commissioners, the company may abandon the operation of any lines or parts of lines.

And section 24:

With the approval of the governor in council, on the recommendation of the Minister of Railways and Canals . . .

Agreements may be entered into. Before I close I intend to submit a point in connection with that.

Mr. HEENAN: What about section 6?

Mr. GRAY: I admit that abuses have crept in; they are bound to creep in. But it was not with respect to matters over which we are now giving power to this dictator or this board that the abuses crept in. If we as a people are to have government ownership, then let

the government of the day take responsibility. If the time has come that we must have one man operation or a dictator of this road, then I am going to take the responsibility of saying that as far as I personally am concerned, I am ready to take the Minister of Railways right now instead of some outside man whom we do not know. I refuse to take that leap in the dark and to give to someone outside these powers over which we as members of parliament or the Minister of Railways cannot have control.

These trustees, may I say, can be removed not by the governor in council but under section 7 only for cause. Section 7 says:

No trustee shall be removed from office, nor suffer any reduction in salary, during the term for which he is appointed, unless for assigned cause and on address of the Senate and House of Commons of Canada.

How much control has this parliament or the government of the day over this dictator that you are about to appoint?

Before I turn for a moment to part III I wish to discuss briefly one section in particular, and I know that in doing so I shall be treading on the toes of some hon. gentlemen from the maritime provinces. Nevertheless I think it should be pointed out at this time to the government and to the people that in subsection 2 of section 14 of this bill there is—to my mind at any rate—an absolute political sop to the maritimes. I note that the hon. member for York-Sunbury is all for the bill on the ground of economy; he hails it as a great measure because it will effect large economies in the conduct of the railways. But immediately he turns round and commends the government for having in the bill the following provision:

The trustees shall so direct, provide and procure that all freight destined for export by sea which is consigned within Canada for carriage to national railways either at point of origin or between that and the sea shall, unless it has been by its shippers specifically routed otherwise, be exported through Canadian seaports.

That subsection is placed in the section dealing with the annual report to parliament. It has no relation whatsoever to the preceding part of the section but is put in there in the hope that it will not be noticed and will slip through. Let us see what will be the operation of economies in respect of that section. The distance from Montreal to Halifax—I am using this illustration because the freight rate is exactly the same—is eight hundred miles, whereas the distance from Montreal to Portland is two hundred and ninety-six miles, though as I say the freight rate is exactly the same in both cases. But unless the shipper, who does not care which route is followed inasmuch as the rates are the same, specifically directs to the contrary, we must under this bill, this economy measure, ship the long haul down to Halifax; and I have been informed by the railways that the operating costs are approximately proportionate to the mileage. When therefore hon. gentlemen are protesting against talking politics I think it behooves them to read subsection 2 of section 14 of the bill.

As regards part III, I have simply this to say. I doubt very much that it will ever come into effect, but if it does then I say that it must give the hon. member for Winnipeg North Centre (Mr. Woodsworth) rather a jolt to find that his resolution with respect to the commonwealth federation has now become a government measure in the form of a bill which permits the confiscation of private property. I imagine that this house little thought that such a proposal would be introduced by the Minister of Railways. I have said that it may never operate, but if it does one finds this thought uppermost—we found it before and it is not new—namely, the placing in the hands of one man of the power of absolute control. Why do I say that? I say that for this reason: Ostensibly there are three, one to be chosen from the Canadian Pacific and another from the Canadian National; but who will give the deciding judgment of the board? Another superman. As someone has said in this house, there is certainly no room for three supermen in this country, and if we are to have an arbitrary board then I submit that we should have a board of railway commissioners, as suggested by my hon. friend from North Waterloo, a board tried in matters pertaining to railways and with precedents to follow; but certainly I am not in favour of placing this matter in the hands of one man.

In conclusion I would ask the house this question: Are the Canadian National Railways protected by this proposed legislation? I think I have shown that while there are advantages they are far outweighed by the disadvantages, especially when we could bring about these advantages that have been mentioned by simply amending the Canadian National Railway Act. In my opinion this bill which is now before us is a far cry from the speech made by the Prime Minister (Mr. Bennett) in Winnipeg in 1930. What did the right hon. gentleman say, speaking in Winnipeg at the time he introduced his campaign? These were his words:

Here this night, speaking as I am to more than a million of my fellow-countrymen, I say to you that no man in this country rejoices

more in the strength and progress of the Canadian National enterprise than I—made possible as it was in the first instance by the genius of our own statesmen and by the passing of legislation by our own party. But, more, more, every effort of mine after July 28 will be for one purpose: That purpose is to preserve not only the identity of the Canadian National Railways as a publicly owned competitor of a private enterprise, but to see that it serves even better and more effectively the Canadian people, who are so proud of it.

And more, I say that if you see any attempt on my part at any time to violate that pledge I give you here and now, then ask for my resignation—insist upon it—for I love my country and what it has done, and one of its greatest achievements has been the development of this great national transportation system of which I believe every Canadian is proud.

Amalgamation? Never. Competition? Ever. That is the policy for which I stand.

Will the government through their minister now undertake that when this bill reaches committee of the whole they will incorporate in it not simply a section such as was read this afternoon with respect to amalgamation, but a real section with teeth in it making certain that that will not be effective? Will they give an assurance that they will not dissociate themselves absolutely from some form of governmental control under this particular measure? If they will do that and accept some measure of responsibility then I am prepared to support them; if not, then with great reluctance I must vote against the second reading of this bill.

Mr. J. L. BOWMAN (Dauphin): I am sure the hon. member for West Lambton (Mr. Gray) will pardon me if I do not follow him in the address which he has just delivered. Frankly, I prefer to follow the example set by the Minister of Railways (Mr. Manion) and the hon. member for North Waterloo (Mr. Euler) and attempt to discuss the bill before the house in an entirely non-political attitude.

First, may I congratulate the minister on the very able address which he delivered this afternoon, indicating the most careful preparation and consideration to the end that the house might fully view this great problem which faces Canada to-day. May I say to the hon. member who has just taken his seat (Mr. Gray) that while I do not believe that this bill is perfect, I still think that if it receives the approval of the house the excerpts which he read from the speech made by the Prime Minister (Mr. Bennett) in 1930 will be just as true as they were at that time. If I thought for one moment that this bill had for its object the amalgamation, merger or unification of the Canadian National with the Canadian Pacific, I would at once oppose it. However, I do not think that this is the intention of the bill. One feels almost like apologizing to the house for speaking upon this bill after hearing the very able addresses which have been delivered and which cover the subject so thoroughly; nevertheless there are one or two features to which I would like to direct the attention of hon. members, more particularly with the intention of explaining my viewpoint with respect to part III which deals with compulsory cooperation. Perhaps I shall be pardoned if I refer briefly to the earlier history of the railroads in this country.

The Duff report has covered quite thoroughly the history of the Canadian National and the Canadian Pacific, and hon. members are so familiar with the subject that I hesitate going into details. There seems to be a feeling that the Canadian National Railways is a failure in public ownership. I am not an apostle of public ownership, but I think hon. members will agree with me when I say that the Canadian National railway system as we have it in Canada cannot be considered as a true test of public ownership.

An hon. MEMBER: I hope not.

Mr. BOWMAN: Quite true. If one looks back at the early history of railways in this country it will be remembered that in the early twenties a conglomeration of systems which had either failed or become insolvent were taken over by the government for the purpose of saving the credit of the country. According to the Duff report, the Canadian National railway system owns and operates 23,880 miles of railway, while the Canadian Pacific owns and operates 16,886 miles. If the mileage of the Grand Trunk Pacific and the National Transcontinental, totalling approximately 5,000, is deducted from the total mileage of the Canadian National, the mileage of the two great railway systems will be found to be about the same. It must be borne in mind that the third transcontinental system which was built was bankrupt and insolvent from the very beginning. In western Canada it paralleled the old Canadian National, while in eastern Canada it went through a great deal of country which never has proved to be profitable from a railroad standpoint. The Intercolonial was built not as a money making proposition but to fulfil one of the pledges of confederation. These different links were taken over not as money making propositions but for the purposes just mentioned.

A great deal has been said and continues to be said with respect to the expenditures made on the Canadian National railway system. Far be it from me to say that a great deal of this expenditure has not been wasteful

and extravagant, but I should like hon. members to remember that when these different systems were taken over most of them were in a bankrupt condition. The Grand Trunk Pacific—National Transcontinental paralleled for hundreds of miles the transcontinental system which was made up of the old Canadian Northern in the west and the Grand Trunk in the east. This system had a dearth of branch lines and immense sums of money had to be spent to bring the road up to standard. Equipment had to be furnished, terminals had to be looked after, heavier steel had to be purchased, grading had to be attended to and bridges had to be built; a great many expenditures had to be made if these railroads which had been taken over were to be developed into one great system.

The history of the Canadian Pacific is entirely different. This company started out as a private concern and entered into business for the purpose of making money. It started out with large land grants, and at no time in its career has it been a system which was competing with its own lines. When one considers the past history of these two systems, it must be borne in mind that the Canadian Pacific has always been a single, unified and compact system. I make this reference to the two railway systems in order to meet the attitude adopted by Mr. Beatty in the addresses he made at Winnipeg and Toronto as well in the statement made before the Duff commission. At that time he is reported as follows:

> I am not criticizing them (Canadian National Railways) . . . we met it (the competition) as best we could. I do not think we overdid it, we tried not to.

On page 33 of the proceedings of the Senate committee, Mr. Beatty is reported as having said:

> The course pursued by the Canadian Pacific was defensive and not aggressive and throughout the period it used every effort to discourage and limit unnecessary expenditures for competitive purposes.

In other words, Mr. Beatty represented that the Canadian National system was responsible for the extravagant and wasteful expenditures of the Canadian Pacific. With all due respect to Mr. Beatty, I think he is overstating the facts to a very considerable degree. Large expenditures were necessary by the Canadian National for the building up of its system, and the Canadian Pacific, seeing that they had real opposition, seeing that real money was being spent by its competitor, embarked upon extravagant expenditures in order to keep just one step ahead of their competitor. As a matter of fact, the whole history of the Canadian Pacific right down from the early days of the Grand Trunk in the east and the Canadian Northern in the west has been that of keeping just one step ahead of their competitors. After all, that is sound business if you do not carry it too far. This competition, which began to reach a very serious stage probably in 1926 and 1927, was continued to great lengths by the establishment of super de luxe passenger service, speed passenger trains, speed freight and competition of a similar nature throughout the whole of Canada, by the building of hotels, by the construction of playgrounds and similar expenditures. But I would have the house bear this in mind, that the Canadian Pacific Railway did not lag behind the Canadian National; in fact, in many instances it embarked upon more extravagant expenditures than did the Canadian National. At the end of December, 1931, the Canadian National had invested in hotels $31,000,000, odd; but the Canadian Pacific at that date had an investment in hotels of $71,000,000, odd. During the period from 1923 to 1931 the Canadian National had constructed and acquired 2,545 miles of branch lines, while during the same period the Canadian Pacific had constructed and acquired 2,473 miles of branch line. But that does not tell the whole story. In respect to the statement made before the committee by Mr. Beatty that they met competition as best they could and were upon the defensive, Mr. Fairweather of the Canadian National bureau of economics placed before the commission a table showing the branch line competition in western Canada from 1916 to 1930. I should like to place upon Hansard Mr. Fairweather's statement, which is as follows:

> In this period: the Canadian National built lines serving 3,570 square miles of territory.
>
> The Canadian Pacific built lines serving 10,375 square miles of territory.
>
> The Canadian National penetrated into Canadian Pacific territory, undeveloped but definitely earmarked for the Canadian Pacific railway to the extent of 100 square miles.
>
> The Canadian Pacific railway penetrated into Canadian National territory, undeveloped but definitely earmarked for the Canadian National, to the extent of 4,500 square miles.

This is the kind of competition which Mr. Beatty says they had to engage in, because they were compelled to do so. These, said Mr. Beatty, were expenditures which his company would not have had to make had it not been for the extravagant expenditures which had been made by the Canadian National. I do not attempt to lay any particular blame upon either railway system, because I do not wish to make invidious comparisons, but as a matter of fact if you look back to that

period comprising 1926, 1927 and 1928, who can say that he was not guilty of extravagance at that time if he had the money with which to gamble or invest or make purchases? Nevertheless I would point out that the Canadian Pacific in connection with such expenditures was at least keeping up with the Canadian National, certainly not lagging very far behind.

Finally, as we all know, the bubble burst and there was a realization of what had happened. The Canadian National woke up and found that it had roughly $2,640,000,000 of indebtedness, $1,280,000,000 of which is due to the public and upon which it pays interest which during the past year amounted to $57,000,000, or something over $1,000,000 a week. The Canadian Pacific found itself in a similar position; the interest on its capital investment had piled up by millions of dollars. It found itself unable to pay even half of the dividends it had been paying for some forty odd years without calling upon the reserves, and it failed entirely to pay its last dividend.

In addition to the fact that both companies found themselves in this overcapitalized position, their gross revenues started to tumble. We find that between 1928 and 1932 the gross revenues of the Canadian National Railways fell from $304,000,000 to $161,000,000, while the gross revenues of the Canadian Pacific fell from $173,000,000 to $99,000,000. It is sometimes represented that the Canadian National has suffered to a greater extent than has the Canadian Pacific. Mile for mile, that is not the case. I refer for my authority in that connection to the monthly pamphlet issued by the Bank of Nova Scotia for November last in which it is pointed out that from 1928 to the present time the Canadian Pacific has suffered to a greater extent than has the Canadian National.

As I say, I am not endeavouring to-night to place the blame upon the directors of either railway nor upon the government. The hon. member for West Lambton (Mr. Gray), who has just taken his seat, has said: Let the government take the responsibility. One of his suggestions was that instead of our adopting the bill before the house, the government should assume the responsibility of administration. A former government did take the responsibility from 1923 on, but how did it respond to the responsibility which was placed upon their shoulders? I do not want to lay any blame upon any particular government, because I submit that all parties in the house were very considerably to blame for the fact that there was not a more careful supervision and direction of affairs of the Canadian National from 1923 on. With respect to that railway under government responsibility there was the attitude of "hands off," which was not intended, I submit, to be the kind of "hands off" which developed during that period.

As a result of wasteful extravagance on the part of both railways, the Duff commission was set up for the object partly of calling a halt to such extravagances, although I do not know that it was necessary to call a halt, because the halt to such expenditures had pretty well been accomplished by that time.

I do not purpose dealing with the history of the Duff commission, because that has been set forth by two or three preceding speakers. That commission, after making a thorough investigation extending over some months, brought in certain recommendations. These were incorporated in a bill which was introduced into the Senate, where it was thoroughly overhauled and almost entirely rewritten, and is now introduced into this house as Bill A which is at present under discussion.

Part I of that bill deals with trustees, and I should say that generally speaking the object of part I is to take the national system out of the sphere of political and community pressure which is referred to in the Duff report. The hon. gentleman who just preceded me stated that, under the provisions of this bill, the minister had become nothing more than a messenger to the board of trustees. I do not think that very many members of the house will agree that that is the proper interpretation to be put upon that section. But if that were the case, surely it could not be worse in any event than the conditions that existed previous to say 1931. My hon. friend referred also to the chairman of the board of trustees as exercising the powers of a dictator. Could he be any worse than the dictator that we had in this country for a great many years, from 1923 onwards? There seems to be a difference of opinion with respect to the number of trustees and with respect to their powers, but I do not purpose at this stage to discuss that feature. I am dealing with the general provisions of the bill, reserving the right to discuss particular sections when it comes before us in committee.

The effect of part II of the bill is that the Canadian National and the Canadian Pacific officials are directed to cooperate for the purpose of effecting economies. But to what extent? The hon. member for North Winnipeg (Mr. Heaps) expressed his fears upon that point, and I think that they are shared by a great many railway men throughout

Canada to-day. I believe that they have some reason for their fears. When one looks over the past few years and estimates the cut that has been made in wages, in the hours of work, and in the number of railway employees at work, he must realize that the question of unemployment of railway men is a very serious problem. I have before me returns showing the number of railway employees from 1928 onwards, together with the gross savings effected on both the railways, and certain other figures a summary of which I might give to the house.

From 1928 to 1932 on the Canadian National railway system there was a gross saving in operating expenses of $94,000,000, of which $66,000,000 represented a saving in wages. In other words, two out of every three dollars of gross savings in operating expenses was made up of wages. On the Canadian Pacific during the same period, the gross saving in operation amounted to $74,000,000, of which $41,000,000 was a saving in wages. During the same period on the Canadian National the number of men in employment fell by 31,000, and on the Canadian Pacific by 26,000. So that from 1928 to 1932 there were 57,000 fewer railway men in employment on these two great transcontinental systems, representing a gross saving in wages of $107,000,000 out of a total gross saving in operating expenses of $168,000,000. So I think that the railway employees have considerable cause for apprehension as to just how far new economies are to be carried.

The hon. member for North Winnipeg said that if some of the economies which he understood had been advocated were to be carried into effect it would mean that 20,000 men would be thrown on the streets. Mr. Speaker, if I thought that would happen I would oppose this bill, but I do not believe that will be the result. Mr. Beatty in his representations to the Duff commission stated that a saving of $75,000,000 could be made by unification of the two systems, but I would draw the attention of hon. members to the fact that the saving of $75,000,000 was predicated on his suggestion that five thousand miles of railway in Canada be torn up. I do not think that the people of Canada, or even a small proportion of them, would stand for five thousand miles of our national lines being torn up and destroyed, no matter how badly off we were financially. If these two railway systems are to be authorized, as is proposed by this bill, to cooperate, no panic measures of economy should be undertaken. Whatever measures of economy are brought into effect should be undertaken gradually until times take a turn for the better. If times do take a turn for the better, and I think all hon. members have some hopes of something like that in the near future, the economies can be progressively made without throwing many more thousands of employees out on the streets. It is easy to appreciate the effect in Canada of the loss of purchasing power amounting to $107,000,000 by the saving in wages to which I have just referred. If this bill goes into effect and this board is set up, any measures of economy that are taken must be taken with a view to doing as little harm as possible during the present troublous times to the thousands of employees who have spent the greater portion of their lives in loyal service to these two great companies.

Part III of the bill sets up an arbitral tribunal for the purpose of effecting compulsory cooperation in the event of the two railway systems failing to agree on measures of economy submitted by one or the other. Mr. Beatty has stated again and again that as the president of a privately owned company he is against that provision in the bill, and in his speech before the Winnipeg board of trade, to which I have already referred, he quite frankly sets out the policy of his company. At page 9 of his address he says:

> I am unqualifiedly in favour of unification of these properties for the purpose of administration.

I do not think it is necessary for me to submit to this house detailed reasons why the people of Canada pretty much as a unit object to amalgamation. In 1930 the present prime minister said: "Amalgamation never; competition ever," and I think that pretty well represents the feeling of the vast majority of the taxpayers of Canada. I am satisfied that amalgamation, merger, unification or whatever you wish to call it is politically impossible in Canada. I am convinced it is impossible to sell or lease the national railways on satisfactory terms to the state. In my view it is questionable if any greater saving would be accomplished by amalgamation, and I do not believe consolidation or unification would relieve the estate of any portion of its capital debt or of the present annual charges. I am convinced that consolidation into one system would result in a decline in the energy, initiative and enthusiasm of employees, the excellent morale at present existing among them having been developed by competition, and competition alone will maintain it. Amalgamation would result in a monopoly of rail transportation which by virtue of that very fact, would work to the disadvantage of business and of the public. People generally

place a high value upon competitive railway service and would be reluctant to dispense with such competition. Moreover a monopoly would be placed in the hands of a very few, a tremendous power which might be unwisely exercised. I am convinced that amalgamation would result in an unwieldy system which could not be efficiently managed. Amalagamation must necessarily be permanent in effect. Mr. Beatty, in his presentation to the Duff commission, pointed out that a long lease would be necessary—almost a lease in perpetuity. It is not necessary to point out to the house the trouble there would be in unscrambling the two systems after their being for years under one control. I believe that amalgamation must necessarily be permanent in effect and does not envision a brighter future with more business and a greater population, and consequently better times for our railroads.

For the reasons I have set out I submit that amalgamation or unification of the systems is not only undesirable but impossible. Mr. Beatty objects to the arbitral tribunal because he claims that it overides the contract his company made with the government at the time of its incorporation, and states further that the company were guaranteed certain privileges and rights which were to continue in effect during their term of incorporation. However while Mr. Beatty objects to restraint upon the operations of the Canadian Pacific Railway he is in favour of restraining the operations of the Canadian National Railways. Throughout his speeches he has complained of extravagance on the part of the government railways as being responsible for large expenditures of his own company.

I say that if the Canadian National system is to be under restraint, and the Canadian Pacific is not, there would be a policy of hands off the C.P.R. and hands on the C.N.R. After all, the board which is to be set up is to settle disputes—that is all, and no more. While in the initial stages I perhaps had some doubts as to whether or not I was in favour of compulsory cooperation, the remarks made by Mr. Beatty before the commission finally determined my attitude. When discussing the proposition before the Duff commission that there be unification of the two systems for purposes of administration Mr. Leman made the following statement:

> That is where we want enlightenment.

Mr. Beatty replied:

> Well, if you can find a way to eliminate the government in the interim we will be taking a long step in the right direction. I am as convinced as I am sitting here that if three years from now there was an upturn in business which was, say, substantial, we would meet the same kind of competition and competitive extravagances that we have faced in the last eight years, and while we think we have learned the lesson and won't be extravagant, I do not believe we will realize that hope.

So Mr. Beatty states that if conditions were to improve, at the end of three years there would be just as many extravagances on the part of the publicly owned system as there have been in the past. Consequently he advocates restraint of some kind upon that system. I say if there is to be restraint upon the government railways there should be a like restraint upon the Canadian Pacific Railway and for the reason he sets out, if for nothing else, I should be in favour of the arbitral boards or tribunals which under the provisions of the bill are to be set up.

I feel that section 23, which refers to the powers of tribunals, will have to be amended in certain respects. The effect of that section as at present drafted goes, I believe, much farther than either the Senate or the government intended it should go. Section 23 is as follows:

> Where the execution of an order, or the carrying out of a decision of a tribunal, involves the doing of any act which by any statute requires, but for the provisions of this act, the leave, sanction, assent or approval of the board of railway commissioners, or where in the opinion of the presiding officer the public interests involved are of sufficient importance to warrant it, no order made by a tribunal shall be operative without the concurrence of the presiding officer and his formal written assent.

I should like to draw the attention of the house to the fact that the first part of the paragraph provides that the chairman of the tribunal, who is chairman of the Board of Railway Commissioners, shall give his assent in respect of measures which are within the jurisdiction of the Board of Railway Commissioners. With that I agree.

Mr. DEPUTY SPEAKER: The hon. member has spoken forty minutes.

Mr. BOWMAN: May I finish the sentence? But with respect to the second part of the paragraph, with regard to all other matters which the chairman believes involve an important public interest, any matter of major importance or one which might be dealt with by five members of the board instead of three, he must in that case, too, give his assent to any order which may be made. In other words his decision has the effect of five, not one. For those reasons I submit paragraph 23 requires amendment, and will doubtless receive the attention of the house when in committee.

Mr. J. A. BRADETTE (North Timiskaming): Mr. Speaker, rising to speak at this time may I say that I realize why the hon. member who has preceded me (Mr. Bowman) has so spoken. There are some features of the bill on which I believe the house is absolutely in agreement, one of which is the necessity of cooperation, cooperation that is full and practical. Surely the railroads and the country as a whole must have learned in the school of bitter experience that cooperation is necessary under present conditions. Experience in recent years surely has taught us that lesson for many years to come.

As far as economies are concerned I believe it has been well expressed and emphasized this afternoon and evening that the human factor cannot be forgotten or neglected. Service must also be maintained in some sections of the country. That has always been recognized in the past, and with a new country like Canada even during the present time of stress we must keep up certain capital expenditures and services. And this applies particularly as far as maintenance of service is concerned. As has been so well said by previous speakers, surely the two railways when considering measures of economy cannot any longer place the whole burden upon the working men or the train crews. I share the view expressed a little while ago that of every three dollars the railway companies have saved in recent years two dollars have been saved by curtailing wages and the number of men employed, which is not fair to that class of people. We can go too far in that respect. It is my duty to deal at length with a very important matter, important for my section of the country. The misgiving I feel in that regard is not that I must take the time of the house, but that I may be unable with my limited ability to put as forcibly as I should like the matters relating to our railway systems as they affect our section of the country and the whole of Canada. So I shall concentrate my remarks particularly on that section of the Canadian National railway system which is known as the National Transcontinental.

For the last six years, since I have had the honour of representing the riding of North Timiskaming in this house I have made it my duty to consider this all-important problem and speak of it in this house every year. Outside of our local papers I am sorry to state that so far the result has been disappointing, in that I have never received any support from the press of the large centres of population, never a single line from the daily papers of Toronto or Montreal. The only support came, I think, from the maritime provinces, the Winnipeg Free Press and some of the western papers. I feel that my arguments are worthy of attention and should receive consideration. Being fully seized of the fairness of my case I am going to avail myself of every opportunity that is afforded me to impress this house and the country with its importance, and I feel confident that I shall receive more support than I have in the past.

I am going to divide my argument into three parts; first, a brief analysis of the Duff report itself, and the personnel of the commission; second the National Transcontinental question; and third, the present proposals. On account of the limited time that a member has at his disposal I am going to deal first with the all-important question of the National Transcontinental.

When on July 30, 1903, Sir Wilfrid Laurier, launching the project in parliament, introduced the bill for the construction of the National Transcontinental, he used these words:

> This new railway will be another link in that chain of union. It will not only open territory hitherto idle and unprofitable; it will not only force Canadian trade into Canadian channels; it will not only promote citizenship between old Canada and new Canada, but it will secure us our commercial independence, and will forever make us free from the bondage of the bonding privilege.

These were the statements of a man of vision; indeed they were almost a prophecy. If that great departed statesman could travel in our section of the country to-day he would see that prophecy coming into fulfilment during the present generation. He would see new centres of population, starting from Quebec city to Harvey Junction, and sweeping along the St. Maurice valley, rich in timber and hydro developments, up to the height of land in northern Quebec, which is part of the clay belt abounding in natural resources, and a most promising mining field that will astound the world during the next twenty years; on to northern Ontario with its clay belt and mining and industrial districts where a new town like Kapuskasing has given during normal times in freight and passenger earnings for that section from $150,000 to $300,000 per month. You have in that route the most direct and easiest gradient from the prairies to the St. Lawrence. That section of the line was never intended for local traffic, that was not its purpose. The initial purpose was to give the most direct communication between east and west. When that section was constructed there was practically no population through there, but we have now nearly 200,000 souls. The main reason, in fact the only

reason why the connecting link was built out of the public treasury, was to give better communication between east and west. However, Mr. Speaker, it is not my intention to make a speech on that subject; my purpose is to have the house and the country realize that if to-day we have a larger deficit than we should on the Canadian National railway system it is partly due to the fact that the original ideas that prompted the construction of that railway have not been carried out. I would not be working so strenuously or speaking so often on this subject if our wheat and our cattle were moving through Canadian channels. I regret to say that nearly forty per cent of our wheat and heavy freight from the west finds its way out through American ports. I maintain that a large proportion of the national railway deficit would be removed if our freight travelled by its proper routing, the line of least resistance. Again I say I do not pretend to make a speech, but I desire to place before this parliament and the country a brief showing why the national transcontinental was built and asking why it has not been properly used.

I hold in my hand a circular issued I believe, by the port commissioners of Halifax and Saint John, entitled, Is Canada for the Canadians? I am going to read some parts of it so that the house will be seized of the situation as it actually exists:

A Ruinous Drain

The fundamental trade policy of Canada is the east-and-west policy. This policy was embedded in the conception of confederation, and all through the years it has been recognized as the only true Canadian policy.

Many hundreds of millions of dollars of Canadian public money have been spent to perpetuate this policy and to ensure its success. The greatest single effort for the projection of the east-and-west policy was the construction of the transcontinental railway at an ultimate cost to the Canadian people of $330,000,000.

Mr. DEPUTY SPEAKER: Order. The hon. member must not read articles written by others—

Mr. BRADETTE: I am anxious to follow your ruling, but surely all this afternoon and evening, hon. members who preceded me have been reading articles by Mr. Beatty and others.

Mr. DEPUTY SPEAKER: I am responsible only for myself. Hon. members should express their own ideas, not those of people outside. Everyone here can read.

Mr. MACKENZIE (Vancouver): Other statements have been quoted by hon. members, and this article does not reflect on the proceedings of this parliament.

[Mr. Bradette.]

Mr. MERCIER (St. Henri): This is a subject that no one can deal with without reading articles of outstanding writers and views expressed by those who have spoken throughout the country on the question. I submit that we should be allowed to quote such opinions and statements.

Mr. DEPUTY SPEAKER: Hon. members are allowed to give quotations as to facts, but the rule is clear that they may not give outside opinions on the policy of the government or the opposition. Hon. members are here to give their own ideas to enlighten the house and the country. Otherwise members might spend their entire time quoting articles from one writer or another.

Mr. MERCIER (St. Henri): I submit, Mr. Speaker, that the opinion of Mr. Beatty as set out in the article which the hon. member is seeking to quote is absolutely pertinent.

Mr. MACKENZIE (Vancouver): May I quote the rule, Mr. Speaker:

It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

I submit that neither the speech delivered by Mr. Beatty in Toronto nor that which he gave in Winnipeg can be construed as having had any reference to proceedings now before the house, so that those speeches cannot come within the scope of this rule.

Mr. DEPUTY SPEAKER: The rule is clear that hon. members may not quote other people's opinions but must give their own. If they have no personal opinions they need not speak.

Mr. BRADETTE: I am giving my own opinions, Mr. Speaker, and I do not see why you should apply the rule and make a special ruling applicable to my humble person, notwithstanding that all afternoon those who preceded me were allowed to give quotations.

Mr. DEPUTY SPEAKER: The hon. member is not fair to me; I am not giving any special ruling with respect to him.

Mr. BRADETTE: Yes, Mr. Speaker; I submit that the ruling does apply to myself particularly.

Mr. DEPUTY SPEAKER: I was not in the chamber this afternoon.

Mr. CASGRAIN: There should be uniformity of procedure.

Mr. DEPUTY SPEAKER: The hon. member can appeal, but that is my ruling.

Mr. MERCIER (St. Henri): Do you not think, your honour, that the hon. member is within the rule in quoting from a speech of Mr. Beatty's delivered prior to the present proceedings?

Mr. DEPUTY SPEAKER: The hon. member may quote facts, but neither Mr. Beatty's nor anyone else's opinion has anything to do with it, and the hon. gentleman has just said that what he is quoting is Mr. Beatty's opinion. Whether it be the opinion of Mr. Beatty or of Sir Henry Thornton it makes no difference.

Mr. HEENAN: I am sure, Mr. Speaker, it is the last thought in anyone's mind to appeal from your ruling, but surely we ought to have some semblance of fair play.

Mr. DEPUTY SPEAKER: I do not think the hon. member's implication is fair. I do not think I can be challenged with unfairness in the course of this debate. An hon. member can refer to any opinion expressed outside but he cannot read those opinions in this house when they relate to proceedings now before the house.

Mr. HEENAN: Will you allow me to state my point, Mr. Speaker?

Mr. DEPUTY SPEAKER: The point of order has been decided, and unless the hon. member is raising another point of order I rule that he has not the floor. I must ask the hon. member to take his seat.

Mr. GUTHRIE: May I point out to you, Mr. Speaker—

Mr. HEENAN: I have the floor.

Mr. DEPUTY SPEAKER: The hon. member for North Timiskaming (Mr. Bradette) has the floor.

Mr. HEENAN: I have the floor on a point of order.

Mr. DEPUTY SPEAKER: What is the hon. member's point of order?

Mr. HEENAN: My point is that when the minister made his motion this afternoon he quoted from Mr. Hungerford and Mr. Beaty and—

Mr. DEPUTY SPEAKER: That is not a point of order.

Mr. HEENAN: Then, Mr. Speaker, I must appeal from your ruling.

Mr. GUTHRIE: I do not think this fact has been brought to your attention, Mr. Speaker. The rule states:

> It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

There were no proceedings in the house when Mr. Beatty made the speech in question, nor had the bill been in the house.

Mr. DEPUTY SPEAKER: The rule refers to speeches outside commenting on proceedings in the house.

Mr. GUTHRIE: But the speech in question was delivered long prior to this debate.

Mr. MITCHELL: May I cite this precedent, Mr. Speaker. You yourself, speaking the other day as a private member of the house, read a lengthy extract from some journal printed in Paris, and that quotation was in connection with a debate that was in progress at that time.

Mr. DEPUTY SPEAKER: The hon. member is entirely wrong. I did not read an article commenting on any debate in the house; I quoted facts concerning the party to which the hon. gentleman belongs.

Mr. MACKENZIE KING: I am the last one who would wish to appeal against your ruling, Mr. Speaker, but I entirely agree with the Minister of Justice (Mr. Guthrie) in what he has just said with respect to the rule and as to its bearing on the quotation which it is sought to make at the moment. I wish Your Honour would give further consideration to what has been said on that point; otherwise we shall be constrained to appeal from your ruling.

Mr. DEPUTY SPEAKER: If I gave further consideration to the point I should be deciding against the decision of the Speaker the other day and contrary to my own ruling.

Mr. CASGRAIN: That was a wrong decision.

Mr. MACKENZIE (Vancouver): The ruling the other day was with respect to a quotation which was held to have reference to proceedings then taking place in the house.

Mr. SPEAKMAN: The suggestion is, Mr. Speaker, that this particular incident does not come within the scope of the ruling given by the Speaker the other day.

Mr. MERCIER (St. Henri): That is the point.

Mr. DEPUTY SPEAKER: I cannot hear the hon. member.

Mr. SPEAKMAN: I was merely suggesting that permission to the hon. member to give the quotation which he wishes to read would not conflict with the former ruling because it does not come within the scope of the ruling. This particular article does not fall under the ruling. The statements which are being quoted having been made long before this debate, they could not possibly have any reference to the present proceedings.

Mr. DEPUTY SPEAKER: I will not stand on pride, and inasmuch as the house is apparently unanimous against my view, I have no objection to the hon. member proceeding.

Mr. BRADETTE: I am glad of Your Honour's ruling, because although I credit most hon. members of the house with a good deal of grey matter, at the same time I think that it is just as well for any member to give adequate preparation and study to any speech he is going to make. I am one of the last men to read speeches in this house; I do no want to read my speeches—

Mr. DEPUTY SPEAKER: I did not suggest that the hon. member was reading his speech.

Mr. BRADETTE: In view of Your Honour's ruling, I will proceed with the quotation:

In the calendar year 1931, 62,902,865 bushels of Canadian grain went through United States Atlantic ports, while those same ports were getting only 15,984,659 bushels of United States grain,—and Halifax was getting the "magnificent" total of 162,100 bushels.

In the first seven months of the 1931-1932 crop year, Canadian wheat exports to the United Kingdom were as under:

Via:	Bushels
Canadian Atlantic ports..	11,028,272
Canadian Pacific ports..	18,418,677
United States ports..	37,258,371

Or, of 48,000,000 bushels of Canadian wheat moving eastward for export to the United Kingdom in that period, not less than 37,000,000 bushels went through United States channels!

These are astounding figures, showing in what enormous quantities Canada has permitted the diversion of its own traffic from its own channels.

This ruinous drain upon Canada's economic vitality must cease.

It continues in the same vein until we come to the last paragraph:

The chairman of the Halifax harbour commission has stated his belief that the port of Halifax has just about reached the limit of its development unless an adequate share of the Canadian grain traffic can be secured, for, manifestly, it is going to be difficult, if not impossible, to develop any turn-around movement of liner tonnage under existing conditions.

In these circumstances, so vital not to this port and province alone, but to the dominion, as a national matter, we respectfully urge an early hearing of the appeal in the transcontinental grain rates case, and a favourable decision in the interests of our own transportation channels.

The maritime provinces have cooperated with us in this all-important matter.

I am going to give hon. members the situation as it actually exists. When the road was completed in 1916 it was able to quote a rate of six cents per bushel on wheat from Armstrong, a station in the Thunder Bay district just north of lake Nipigon and almost due north of Fort William and Port Arthur, down to Quebec city, a distance of 959 miles. But then a mysterious thing happened, the reason for which I have never been able to discover—hardly had the rate been announced than the Conservative government almost quadrupled it. If the railroad was making money with a six cent rate, why was that traffic taken away from us? The increased rate proved to be not only discriminatory but almost prohibitive, because I believe that after 1924 not a single bushel of wheat or a single carload of cattle has been routed from Winnipeg over the National Transcontinental. The expected volume of traffic never developed. There is some local traffic, but, as I said before, this section of the road was never intended for local traffic. When the road was built this section of the country was considered to be a wilderness. I can remember when the government of the province of Quebec granted certain timber, mineral and mining rights to a Belgian company, at that time northern Quebec and northern Ontario were considered as being practically wildernesses. We have developed quite a large population and a considerable local traffic, but the original idea in building the National Transcontinental was to take care of through freight and passenger traffic from ocean to ocean.

In 1921 the Quebec harbour commission made representations to the board of railway commissioners in connection with the 20.7 cents per bushel rate then in force on the Armstrong-Quebec division. A sitting of the board was held in Quebec city with the late Hon. Frank Carvell presiding. We expected that we would receive fair treatment from the railway commissioners, but here is what hap-

pened. An extraordinary argument was used by the chief commissioner that if the rate was reduced, it would mean ruin for other railways. Mr. Carvell said:

> If my conception of the National Transcontinental was right, when it was started and when it was being built, I think freight can be transported over that line at a figure which would mean the absolute ruination of other railways in Canada. If not, we were all wrong and we were not justified in building it.

There was justification in building that section of the road but there is no justification in leaving it idle at the present time. These high rates are hurting the maritimes, northern Quebec and northern Ontario and the whole of Canada. I believe they have an adverse effect upon the western provinces as well. If the western provinces would study this question I believe they would find that the natural routing for their wheat, at least during the winter months, is from Winnipeg to Quebec and down to Halifax and Saint John. At the present time from forty to forty-five per cent of our wheat goes through American seaports. This matter vitally affects the maritime provinces because with the grain being routed as it is at the present time, an unreasonable amount finds an outlet through Buffalo and Montreal to Boston and Portland and other American ports. Were this traffic routed over the transcontinental to Quebec it could be profitably moved after the close of navigation on the St. Lawrence from the ancient capital via the old Intercolonial road to Halifax and Saint John. The present rate on wheat over the 959 miles stretch from Armstrong to Quebec is 20·7 cents per bushel, while the rate from Port Arthur to Edmonton, a distance of 1,305 miles, is only 15·6 cents per bushel. The rate per mile through northern Ontario to Quebec is about double what it is on the prairies. If an eleven cent rate were made effective to Quebec, it would immediately create a maximum rate upon the great lakes. The Canadian Pacific rate from Goderich to Halifax, a distance of 1,305 miles, is 12¼ cents per bushel, a rate considerably less than that prevailing from prairie points to the head of the lakes. The rate from Fort William to Halifax, a distance of 1,753 miles, is 21·3 cents per bushel while the rate from Armstrong to Quebec, a distance of only 959 miles, is 20·7 cents a bushel. A moment ago I quoted from a circular dealing with this all important question. I was glad to note that at the late imperial conference it was decided that grain being shipped to Great Britain should follow an all Canadian route. I hope that no loopholes will be found in this regulation because this route is the logical route for grain shipments, especially during the winter months.

Grain is not the only thing which this transcontinental road can deliver most expeditiously. On a trial shipment of 600 steers, the running time of the train between Winnipeg and Quebec was eighteen hours less than it would have been from Winnipeg to Montreal. Two feedings only were sufficient whereas three are normally required. This fact, coupled with the lessened shrinkage in the shipment, represented a saving of not less than $5 per head, or, roughly, $3,000 upon the whole consignment. This experiment was carried on for one winter only and I cannot understand why it was not continued. Is it because we have not sufficient population in these sections to command a certain number of votes? I believe the only way that this situation can be remedied is by bringing forward the facts as forcibly as possible. If it was a parochial or local matter I would not bring it to the attention of the house, but I believe it is more than that. If hon. members from the maritimes, the province of Quebec, the province of Ontario and the three western provinces would study this situation I believe they would find a reduced rate would be beneficial to the country as a whole.

We are in the pioneering sections of Canada and I cannot understand why the older sections of the country do not realize the true position. At times we contend, and perhaps rightly so, that the larger centres of population in Ontario and Quebec are against us. If the traffic which goes from the head of the lakes through American ports was kept in Canada, there would not be so much criticism, but this is not the case, as I have shown, a large percentage of it is entirely lost to Canadian traffic. In 1921 Commissioner Rutherford made a statement in response to a request for lower rates, so when I have another occasion to speak on some of the features of this bill I am going to refer to what a former commissioner had to say as to what happened in our section of the country. This is Commissioner Rutherford's statement:

> This is something that has to be general in a very careful way. When we consider the elevator system at Fort William and Port Arthur, the tremendous machinery created for the movement of that grain crop, to introduce a revolutionary method like the making of a special rate on any one road would mean disturbing the whole movement of grain, such a disturbance as would bring about economic disaster for the time being.

We do not want any special favours or any special rate in our section of the country; we desire only equalization of rates, the same

rate as exists in other sections. When we apply to the Board of Railway Commissioners, we do not go there as mendicants; we want to receive the same attention as the rest of Canada is getting, and fair play, that is all. The commission did not make any difficulty about giving its reasons why the rates should be made high: If the road carried grain as cheaply as it could, in view of its superior construction and low grades, other roads, less favourably circumstanced, could not compete, and therefore it must not be allowed to make low rates. This is certainly not a statement from a national point of view, not a statement worthy of a commissioner. Every section of the country should receive the same treatment. I do not like to make this observation, but in our section of the country we feel that because of our small population we are not receiving the treatment to which we are entitled. But without trying to prophesy, I believe, that within the next twenty years instead of 200,000 we shall have a population of at least half a million, and then perhaps we shall be treated more favourably than we are at the present time. I have, however, enough confidence in the fair-mindedness and justice of the present Minister of Railways to believe that, although the particular locality in which he resides may be adversely affected, he will use his influence to see to it that the Canadian National system in our section receives from the railway commission the just treatment it deserves.

A ruling has been made in regard to reading certain extracts. I believe that I shall be in order now in reading a memorial presented by the Cochrane board of trade and, I believe, distributed to all members of parliament ten or twelve months ago. It deals with the matter in a very thorough manner and I am going to read it to the house. It states:

The National Transcontinental railway from Quebec to Winnipeg was conceived and built for the most direct and economical transportation of passengers and freight between eastern and western Canada, and for this purpose it was constructed with a minimum of grades and curves. In the early years of its operation, it was shown that grain could be hauled from western Canada to eastern seaports in greater quantities and at a cheaper rate per train than over any other Canadian railway.

But since this demonstration, it appears that the National Transcontinental railway has been discriminated against by the increase in the freight rate on wheat to help its competitor thereby defeating the very purpose for which it was built and diverting much of our wheat haulage to American territory and to American ships.

[Mr. Bradette.]

I believe, in thus mentioning the anomaly, it is stating the case properly.

The possibilities of this railway do not seem to be known and appreciated as they should be by the people of Canada, by the members of parliament or even by the administrative heads of our railway systems.

No doubt this was an allusion to the railway commissioners, because after a great deal of expenditure and much travelling, we could not get a proper judgment from that commission.

Recently the Canadian National trains 1 and 2 between Montreal and Vancouver, which have been running through Cochrane for fifteen years, have been rerouted via Capreol, thereby missing 400 miles of what is perhaps the most prosperous mining, timber, agricultural and tourist district in Canada, namely: between North Bay and Hearst.

Therefore, the Cochrane Board of Trade humbly requests the royal commission and the president of the Canadian National Railways to consider its claims for a restoration of proper passenger and freight service between Winnipeg, Quebec, Halifax, Montreal and Toronto by Cochrane over the National Transcontinental railway of the Canadian National lines for the following amongst other reasons:

(A) Re: Passenger Service

1. A glance at a map of Canada shows the National Transcontinental line as the most direct link between Quebec and Winnipeg.

2. This line was constructed with a minimum of grades and curves, permitting fast travel and heavy haulage.

3. It passes through the prosperous agricultural, mining, timber and tourist districts of Northern Quebec and Northern Ontario.

4. It is linked at Herve junction with Montreal; at Taschereau with Rouyn and Kirkland Lake; at Cochrane with Montreal, Toronto, Cobalt silver camp, Kirkland Lake and Timmins gold camps, the lower and upper clay belts of Northern Ontario, and the James Bay basin; at Hearst with the Algoma Central railway from Sault Ste. Marie; at Nakina, with Sudbury and Port Arthur districts, at Sioux Lookout with Fort William districts.

5. The possibilities of increase in population and thus in passenger traffic are greater in the territory traversed by it, than along any other transcontinental line in Ontario and Quebec, owing to the agricultural, mining and timber resources that it taps.

6. There are greater attractions and interest for cross-country passengers in the territory served by the National Transcontinental railway than along the other railroads.

7. The mining camps of Tashota, Red Lake, Manitoba and the Peace River were mostly opened up and developed by prospectors and mining men from the Cobalt, Kirkland Lake and Porcupine camps of Northern Ontario and the National Transcontinental railway is the logical means of communication between them.

8. The southern part of Northern Ontario, could be served by the Canadian Pacific railway and the northern part can be better served by the National Transcontinental railway,

which crosses the only territory in Northern Ontario capable of greater agricultural, mining and industrial development.

9. Although there is duplication between the Canadian Pacific railway and the Canadian National railway in other parts of Ontario and Quebec, there is no duplication of the Quebec to Winnipeg railway line.

10. A fast, complete and economical passenger service between Winnipeg and Toronto, Montreal, Quebec and Halifax could be maintained by routing the Toronto-Vancouver trains over the old Grand Trunk railway via North Bay, joining there with the Montreal trains, and proceeding over the Temiskaming and Northern Ontario railway to Cochrane where connections with the Quebec trains can also be made.

11. Towns were built up along the National Transcontinental railway and industries developed with the expectation of continued main line traffic and at present passenger service is practically cancelled from Hearst westwards to Nakina along this line.

(B) Re: Freight Service

1. The straight line between Quebec and Winnipeg, with an excellent road-bed and minimum of curves and grades favours rapid and economical haulage of heavy freight trains.

2. The junctions at Sioux Lookout, Nakina, Hearst, Cochrane, Taschereau, and Herve also support the contention that the National Transcontinental railway should be put to greater use in cross country freight haulage.

3. During the war, a huge quantity of freight was hauled over this line at a lower tonnage cost than any other transcontinental railroad.

4. The winter haulage of grain to Canadian Atlantic seaports can be accomplished more economically over this road.

5. The rapidity of development of Northern Quebec and of Northern Ontario is an assurance of increasing incoming and outgoing freight.

6. By using the old Grand Trunk line between Toronto and North Bay, and the Ontario government owned Temiskaming and Northern Ontario railway between North Bay and Cochrane, the National Transcontinental railway can handle the Toronto-Winnipeg freight to greater advantage.

7. The diversion of Canadian grain to American ships, railroads and elevators with resulting loss of wages to Canadian workmen should be prevented and the National Transcontinental railway restored to its proper object of hauling western grain to Canadian Atlantic seaports and carrying eastern products and imports westwards.

8. Of the three transcontinental lines crossing Ontario; Canadian Pacific, Canadian Northern and National Transcontinental, the last is the more suitable for rapid and economical haulage and crosses the most populated, prosperous and promising agricultural, mining and timber districts, suitable for the establishment of one million more Canadian citizens.

I believe I have built up a case for the National Transcontinental, and it is up to parliament in this new legislation to ensure that our section of the country receives the treatment it deserves. Why should the people of Canada spend $170,000,000 for the mere pleasure of building a road, through what was then a wilderness, over which freight could be forbidden to flow? Certainly that was not the intention of those who constructed the transcontinental system.

As I stated at the outset, it was never the intention to build that section of road purely for local traffic. It is true that up to three or four years ago, only with local traffic, that section of the road was self-supporting, and I believe it is self-supporting at the present time, but it was not intended for local traffic alone. We never, however, received the quota of through traffic we were entitled to get. This applies more particularly to grain and also to cattle. It may surprise hon. members to hear that, although we have the most direct route, for instance from Halifax to Winnipeg and Vancouver, we have never had a single sack of European mail going over our section of the road. It was always moved the other way. It may surprise hon. members also to hear that if I buy a carload of feed or flour to be delivered in the town of Cochrane from Winnipeg, instead of coming in the most direct way from Winnipeg to Cochrane, that carload is billed to Fort William or Port Arthur, from there routed over the Canadian Pacific up to North Bay, and then from North Bay to Cochrane, providing almost double the amount of traffic it should.

I have spoken on this subject on several occasions, Mr. Speaker, and no matter how much the members of this parliament may resent the fact of my speaking about it so often, I intend to bring it up as often as possible until I get the ear of parliament and of the press, and the country realizes the anomaly in the present situation. We maintain that if we had the traffic to which we are entitled the Canadian nation would not lose any traffic, and that is without prejudice to the Canadian Pacific. It would simply be throwing into Canadian channels the traffic that is passing through foreign channels. I believe in the policy of Canada first to the greatest possible extent.

Mr. W. G. ERNST (Queens-Lunenburg): Mr. Speaker, it is not my intention to detain the house for more than a few minutes to deal with one particular phase of the bill which is before us. But before doing that, I should like to make some brief reference to the remarks made by the hon. member for West Lambton (Mr. Gray).

I was grateful to hear what the hon. member for North Timiskaming (Mr. Bradette) had to say about Canadian trade going through Canadian ports, because I gathered that he is entirely in favour of it provided the traffic goes over the National Transcontinental. The hon. member for West Lambton, however, seemed to think that such a slogan and such a policy were inimical to the best interests of this country. I know the hon. member is a lawyer by profession, and I see him now almost within the precincts of the house. I should like to put to him two questions. The first question which I put to him as a lawyer is this: Has he read his constitutional history and the history of the development of confederation in this country? The second question is: Does he know what constitutes a law, what essential elements are necessary? He seemed to take exception to section 14, subsection 2 of the bill, which provides that the trustees shall route through Canadian ports Canadian shipments unless the shipper otherwise directs. If he has read his constitutional history, he knows that it was part of the basis of confederation, part of the pact under which the maritime provinces entered confederation, that the maritime ports were to be the winter ports of the other provinces of Canada. And if he is a lawyer he knows what it means to break a contract, and that was part of the contract. I ask him the further question: Does he believe in breaking a contract?

Mr. YOUNG: Where do you find that in the contract?

Mr. ERNST: In the discussions preceding confederation, which apparently the hon. gentleman has not read.

Mr. YOUNG: I am talking about the law.

Mr. ERNST: I am talking of what induced the maritime provinces to enter confederation. The hon. member for Shelburne-Yarmouth (Mr. Ralston) is smiling. I would ask him, does he favour Canadian trade going through Canadian ports?

Mr. RALSTON: May I ask if it is not permissible to smile in this house?

Mr. ERNST: That is not an answer. I ask him again, does he favour Canadian trade with Canadian ports?

Mr. RALSTON: I certainly do.

Mr. ERNST: I would ask my hon. friend from Hants-Kings (Mr. Ilsley) if he favours Canadian trade with Canadian ports.

Mr. ILSLEY: Is this a cross-examination? If so, I may say that I intend to speak in the debate.

[Mr. Ernst.]

Mr. ERNST: Then I would ask the hon. member to answer the question. At any rate, the Liberal party as usual is hopelessly divided.

Mr. MACKENZIE (Vancouver): We are not rubber stamps like the Tories.

Mr. ERNST: I know the hon. member for Vancouver balks. I ask the hon. member for West Lambton further, does he know the essentials of a law?

Mr. YOUNG: Economic law?

Mr. ERNST: No, the law. Economic laws are inexorable. I am talking about man-made laws. It consists of a declaration and a sanction, the declaration being the words and the sanction the penalty. The only complaint I have against section 14, subsection 2, is that it is a pious declaration that the trade of Canada shall go through Canadian ports, and no penalty is provided in case it does not. What happens if it is not routed through Canadian ports? Is there a penalty? If so, what? What does the act prescribe? My complaint is that the penalty is entirely lacking. It should be made compulsory.

Having said that I want to make one further reference to the speech of the hon. member for West Lambton.

Mr. MACKENZIE (Vancouver): It was a good speech.

Mr. ERNST: I am sorry to see that my hon. friend is so vicious a politician. I credited him with something better because the speech of the hon. member for West Lambton was the first that degraded the tone of this debate. I can liken it to nothing quite so much as the first gas attack, because the Minister of Railways had initiated and others continued the discussion on a very high plane indeed.

Mr. MACKENZIE (Vancouver): Is this the counter attack?

Mr. ERNST: The Minister of Railways refrained entirely from any political accusation, and not one member of the house can point to one thing he said that savoured of politics. He appealed to the house to be dispassionate.

Mr. MACKENZIE (Vancouver): Follow your leader.

Mr. ERNST: My leader has said nothing on the question that I know of.

Mr. MACKENZIE (Vancouver): The Minister of Railways.

Mr. ERNST: I shall disagree with him later, but I wish I had always the ability and the courage to follow him on as high a plane as his speech to-day, and I wish this house had.

The hon. member for West Lambton, in tones of great fervour, said that this house endorsed public ownership, and he pleaded eloquently for it, and then in the next breath he complained bitterly because the arbitral tribunal to be appointed under this bill may confiscate what he calls the property of a private corporation. Where does he stand? What does he want? He wants to blow hot and blow cold. He wants to appeal to public ownership sentiment in this country, and to appeal also to the Canadian Pacific Railway workers in his own constituency—nothing more or less. I do not intend further to deal with the hon. gentleman's speech.

As to the speech of the hon. member for North Timiskaming, I do not think that my hon. friend spoke very much about the bill before the house, but may I say that it is one of the fervent desires of my own province that some day Canada may see fit to use the National Transcontinental for the purposes for which it was intended.

I pass now to the subject which brought me to my feet, and that is part I and part I only, of the bill, which relates entirely to the management of the Canadian National Railways. As you will remember, Mr. Speaker, it was brought out by previous speakers and by the minister when he moved the second reading this afternoon, that part I provides for three trustees to administer the affairs of the Canadian National Railways, a chairman and two others. The chairman under the bill has the power of veto. He can initiate nothing without a majority vote, but he can veto anything.

It was further stated that the three trustees must be so located that they would be available immediately for consultation, the chairman being a full time man and the other two trustees being immediately available whenever required. I think that that must mean, Mr. Speaker, that all three trustees must live in the immediate vicinity of Montreal. The two who are to be part time men must almost be residents of the district in the immediate vicinity of Montreal.

Mr. SPEAKMAN: They should all be full time.

Mr. ERNST: Certainly they should all be full time, and they should not all come from the immediate vicinity of Montreal. I listened to the hon. member for North Waterloo (Mr. Euler) this afternoon when he objected to any trustee being chosen for geographical reasons. With all due deference I am going to advance a contrary argument. I ask the house to remember that in this bill we are dealing with two railway systems but with two systems which are essentially different in structure. One, the Canadian Pacific, was built deliberately and purposely as a system. If mistakes were made they were errors of judgment; but it was built, as one might say, from the inside out. The other, sir, was simply an aggregation of bankrupt railways which were picked up, placed under a common management and an effort made to consolidate them into a system. It was not built scientifically. With all due deference I submit that it cannot ever be managed on a hardheaded business basis, as could the other corporation, without grave danger to the structure of the country. I know that that is an unpopular statement to make, but let me elaborate.

We have within the system a large number of branch lines, part of the old Transcontinental lines, and the old Intercolonial railway. Some of them have never paid and may never pay—although perhaps that is too broad a statement. Let me, however, take the Intercolonial as a starting point. I wish to give one or two illustrations. The Intercolonial—and this time I believe the hon. member for West Lambton will find corroboration for my statement in the British North America Act, section 133—the Intercolonial was, one may say, the quid pro quo for the entrance of the maritime provinces into confederation.

Mr. YOUNG: How many quid pro quos did you get?

Mr. ERNST: I do not know, but certainly we deserved more than we ever got. The Intercolonial was the quid pro quo, because through it our products were to flow to central Canada, and the products of central Canada were to flow to us, our ports being used for export to the markets of the world. We have surrendered a good deal, so far as the Intercolonial railway is concerned. We surrendered what I believe to be part of our constitutional rights when the Intercolonial became part of the Canadian National railway system. I did not disapprove of the change, but I say that the railway was not built as a commercial enterprise; it was built primarily as a military enterprise, and followed almost the longest possible route in an effort as far as possible to get away from the United States border. I am fearful that if such a railway is placed under the control of a purely business admini-

stration, which will not have at heart the history of Canada, damage may be done to the structure of confederation. As a member from the maritime provinces I should like to be sure that those provinces will have representation on the board of trustees in order that the integrity of the old Intercolonial may in some measure be preserved. I do not ask for control—although judging from what we have given to the rest of Canada we might also ask for that—but I do ask that we have some representative whose voice may be heard urging our problems, when they arise, before a decision is given.

I am fearful that on a basis of pure dollars and cents irreparable injury may be done. I ask the hon. member for Vancouver Centre whether he has not the same fears for the Pacific slope, although he has not the bond of the British North America Act to help him out. I am in sympathy with him.

Let me give another illustration. I shall take a branch line such as that running through my constituency. This branch line is supposed to be losing money. Under a board of three trustees from one centre, what will happen? They are charged with making the railway pay, if it is humanly possible, and I have no doubt they will try to do their duty. If they do, what happens? They will look at a report from this branch line and take note that traffic on this particular line is light. They will decide that they can handle the traffic with less trains per week than are now running. Possibly where there are twelve trains per week they would attempt to give the service with six or seven. The interests of the trustees would be purely financial, those of the Canadian National railways and nothing else. They know nothing about the national considerations or the vision which prompted the building of many of these lines. They know that dividends have to be paid in dollars and cents, and for that reason they will say: "We will handle that traffic with so many trains a week."

Mr. YOUNG: Quite right.

Mr. ERNST: What happens? I will give the hon. member an illustration, because obviously he lives on the main line.

Mr. YOUNG: No, I do not.

Mr. ERNST: I shall give an illustration. We will take a fish firm which caters to the fresh fish trade of Canada, and employs between three and four hundred men. In order to continue business that firm must be able to make express shipments instantly. Restrict train service, and that firm might become bankrupt and the men would have to walk out on the street. Nothing else could happen. What is true of that firm is true of many others. I have no doubt the hon. member for Shelburne-Yarmouth knows of many more firms in his constituency which would be in the some position. If we run the branch lines on a pure dollars and cents basis without taking into consideration the national interest, we will put a good many men on the street who are now earning decent livings.

As I have said, the Canadian National railways were not built as a railway system, but were built by those who had vision and who had faith in the future of the country. Let me give one further illustration in connection with the same branch line. Obviously if those who sit at the head, with the blue pencil, are interested only in the production of dividends, those who manage the affairs on the main line will try to make a good showing, even at the expense of the branch lines. The whole Atlantic region is under one management. What has been happening? Branch lines are saddled with every possible expense which can be piled on to them, so that the burdens of the main lines may be lightened. In December three locomotives were sent from the main lines to this particular branch line. When they got down there they wheezed, whistled and died and had to be sent back to the main line for repairs. Those repairs were charged to the branch line. The main line saved the expense. Its shops were credited with the repairs. If that happens now, what will happen if there is nobody on the board of trustees who has knowledge of local conditions? I put that question to hon. members, and speak feelingly, because after the damage has been done it will be too late.

I now come to the point I have been trying to illustrate, namely that the board of trustees should consist of five members, and I am prepared to support an amendment to that effect. I believe that all five members should be full time members—all of them. I believe the west should have representation, not in order that there might be political or geographical pull, but in order that these peculiar conditions of which I speak might be brought to the notice of the board before it took responsibility for making a decision. I am afraid of the decision that will be made by men sitting in Montreal who perhaps do not know a single thing about the region concerning which they are making the decision.

Mr. POULIOT: About the branch lines.

Mr. ERNST: No, more than the branch lines. I am afraid, Mr. Speaker, that if the

legislation goes through as the bill now stands many members will come back here at the next session regretting having so voted.

There are other features of the bill of which I do not entirely approve, but which I am prepared to support. I realize the need for every possible economy consistent with the national interest. But my point is that I believe there is an interest greater than the interest of the dollar, and that is the interest of the Canadian people as a whole. I welcome the announcement of the Minister of Railways this afternoon that minor amendments will be considered on their merits, and that the government is willing to accept them if they are in the interests of Canada. I implore the government either to move or to accept an amendment making the board of trustees five and assuring the country that every part will have representation thereon.

I do not speak as a defeatist with relation to the Canadian National. I realize that the problem is acute, but after all it is not much more acute than the problem every one of us has to face to-day. I am confident that we have turned the corner; we are facing prosperity, all we have to do is to go towards it. I speak only as a private member; my opinion may be worth nothing, and I hope it gives offence to none, but I regard the collapse of the financial structure of the great republic to the south of us as the first herald of the dawn. I cannot help but regard it so; for I have always thought, and have stated publicly—not because I have any dislike for the United States; I have two brothers earning their living there—my earnest conviction that the United States has been chiefly responsible for the world collapse. I have always predicted that before we can recover they would have to go through torture and pain. I hope the pain will become no greater, but I am satisfied that from what has happened will result the turn towards a stable international monetary basis, which is the first prerequisite for recovery. When we do that I am satisfied it is going to be on the basis of inflation in the United States; that our dollar, being shackled to the American dollar, will be inflated; that commodity prices will rise, the revenues of the railways will increase, our governmental revenues will go up, our private revenues will go up, and our troubles will be over.

On motion of Mr. Heenan the debate was adjourned.

On motion of Mr. Guthrie the house adjourned at 10.55 p.m.

Wednesday, March 8, 1933

The house met at three o'clock.

RADIO-TELEGRAPH CONFERENCE

Hon. ALFRED DURANLEAU (Minister of Marine): Mr. Speaker, I have the honour to lay upon the table of the house the report of the telegraph and radio-telegraph conference held at Madrid, Spain, last year. If I may be permitted I should like to say a few words of explanation.

The report consists of a general review of the accomplishments of the conference and of annexes comprising the conventions, protocols, regulations, etc., and also the radio-telegraphic regulations. The report has been signed by all the countries represented, some signing it in full and others in part only. The report itself has been prepared in both languages and the translation of the annexes will be tabled within a short time. The conference was convened in Madrid at the invitation of the Spanish government, the first sitting being held on September 3 and the last on December 9. The opening session was presided over by Mr. Manuel Azania, Prime Minister of Spain, who welcomed the delegates in the name of the Spanish government. The closing session was presided over by His Excellency, the President of the Spanish Republic, Mr. Niceto Alcala Zamora, who made a very eloquent address, stressing more particularly the accomplishments of the conference towards what he termed the founding of "universal harmony among all the nations of the world." Seventy-three nations were represented by over five hundred delegates. The deliberations while lengthy were very cordial and the best spirit existed at all times among the delegates.

I need hardly say that the Canadian delegates took great interest in the deliberations of the conference, paying close attention to those matters which were of the utmost importance to Canada. For instance, I might mention the discussions on the requirements of ship to shore communication. As a result of the deliberations, the general regulations adopted at the Washington conference of 1927 were maintained intact while additional frequencies were provided for the use of radio beacons. Other matters were followed very closely by the Canadian delegates. One of the outstanding achievements of the conference was the fusion of the telegraph and telephone conference with the radiotelegraph conference. Heretofore these conferences have been held separately, the telegraph and telephone conference being held every four years while the radio-telegraph conference was

held every five years. We came to the conclusion that a fusion of these two conferences was possible and they will now meet under the name of International Conference of Telecommunications. The next meeting will be held at Cairo, Egypt, five years from September last. The representatives of Egypt extended the invitation to the conference to meet in Cairo at that time. I wish to say a word of appreciation of and to pay tribute to the splendid and most effective cooperation I have received from my colleagues of the delegation, Colonel Steele, who is now, as the house knows, a member of the Dominion Radio Commission, and Mr. Jean Désy, the distinguished adviser to the Canadian legation in Paris. The same tribute applies to the technical advisers who accompanied the Canadian delegation to the Madrid conference. In company with Colonel Steele, who is an expert of the highest rank in radio matters, they played a very prominent part in the work of the conference. At the main conference, in the committees and subcommittees they always took a very prominent part, and I am proud to say that they have rendered very useful service to Canada and they have won for her, in that international gathering, a place well in keeping with her aspirations and her ever-increasing prestige abroad.

Hon. FERNAND RINFRET (St. James): May I ask the minister whether the question of copyright of works performed over the radio was raised during the conference?

Mr. DURANLEAU: I think the question was raised, and if my hon. friend looks up the annexes, he will find something about it.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

P. HORACE BOIVIN

Mr. TETREAULT:

1. Was Mr. P. Horace Boivin of Granby, Quebec, ever in the employ of the Department of National Defence as cadet instructor?
2. If so, during what period?
3. Where did he secure the rank establishing his fitness and qualifications?
4. Who recommended him?
5. Did he receive any remuneration whatever, as salary, travelling expenses, or otherwise, from the department?
6. If so, how much?

Mr. SUTHERLAND:

1. No.

2. Cadet instructors are employed by the school authorities concerned. Departmental records indicate that Mr. Boivin was employed during the school years 1924-25, 1925-26 and 1930-31.

3. Camp School of Infantry, Longueuil, Quebec, 22nd July, 1923.

4. No information. Presumably school authorities concerned.

5. Yes.

6. April 1, 1924, to date—cadet instructors' allowances, $2,758.90; pay for annual training, $60.

PERIBONKA, QUE., WHARF

Mr. FAFARD:

1. What amounts were spent for repairs to the wharf at Peribonka, Quebec, in the years 1930, 1931 and 1932?
2. How many tons of merchandise were received at and shipped from this wharf in the same years?

Mr. CAHAN:

1. 1930-31, $4,023.99; 1931-32, nil; 1932-33, $599.78.
2. No information.

THREE FATHOM HARBOUR, N.S., POST OFFICE

Mr. DUFF:

1. Who was the postmaster at Three Fathom harbour, Halifax county, Nova Scotia, in September, 1930?
2. Who is the postmaster to-day and when was he appointed?
3. What was the reason for the change and on whose recommendation was the change made?
4. How many families are served by the said post office?
5. Was a petition received by the Postmaster General or any of the officials of that department requesting the change, and who signed such petition?
6. Was a petition received by the Postmaster General or any of the officials of that department protesting against such change and by whom was petition signed?
7. From the centre of the district what is the relative location of the present office as compared with the location of the previous office?

Mr. SAUVE:

1. Nathan H. Leslie.

2. (a) Miss Annie Graham; (b) November 7, 1932.

3. Commissioner's report found postmaster guilty of active political partisanship.

4. In October, 1931, the former postmaster reported 12 householders. On January 24, 1933, the present postmistress reported 17 householders.

5. No.

6. Petition received signed by: Wallace Graham, Gordon Leslie, Hubert Leslie, Montague Hetherington, Albert Julien, Mrs. Albert Julien, George E. Graham, Mrs. Cyril Graham, Mr. Cyril Graham, William Graham,

Mrs. William Graham, Mrs. Stewart D. Ruggles, Mrs. F. W. Hetherington, Stewart Ruggles, Mary T. Hetherington, Annie L. Graham, John R. Graham, Mary Graham, Mrs. Annie Ernst, Andrew Graham, Frank Graham, Lemuel Graham, Mrs. Lemuel Graham, Isaac A. Graham, Frank S. Corkum, Lena B. Conrod, Edith A. Conrod, Mrs. Frank S. Corkum, Herbert Gaetz, Mrs. Maryann Gaetz, L. D. Morrissey, Miss Moulton, Bessie L. Smith, Harry Hanley, Glen Leslie, Asst. P.M. Nathan Leslie, P.M. Nathan Leslie.

7. The office was moved about half a mile north to the main post road. The mail service between the former post office and the main post road, the cost of which was $60 per annum, was discontinued.

R. W. GRIMMER

Mr. VENIOT:

1. What position, if any, does Mr. R. W. Grimmer hold in the service of the Department of Fisheries in Charlotte county, New Brunswick?
2. What are the duties attached to the position and what is the salary?
3. When was the position first established?

Mr. DURANLEAU:

1. He is a special officer in the fisheries protection service generally.
2. Supervision of the boats with a view to effecting economies in the operation thereof. Salary $200 per month.
3. February 10, 1931.

ST. EULALIE, QUE., MAIL CONTRACT

Mr. DUBOIS:

1. Who held the contract for mail delivery on rural route number 1 of St. Eulalie, in the month of June, 1932?
2. When did this contract expire?
3. Who holds the contract now?
4. Were tenders called for in connection with the renewal of same; if so, when?

Mr. SAUVE:

1. A. Perusse.
2. September 30, 1932.
3. A. Perusse.
4. No. Contract was renewed with present contractor.

FLEURANT POINT, QUE., WHARF

Mr. MARCIL:

1. Who was the contractor for the wharf erected at Fleurant Point for the Public Works Department in 1932, and what was the amount paid him?
2. Has this work been completed?
3. How much was paid to the overseer of this work, and what is his name?

Mr. STEWART (Leeds):

1. (a) J. J. Leclerc; (b) $28,533.
2. Yes.
3. (a) $590; (b) J. T. Little.

UNEMPLOYMENT RELIEF—EXPENDITURE FOR RENTALS OR SHELTER CLAIMS

Mr. RALSTON:

1. Does the government, in connection with its administration of relief funds, make allowances for rentals or shelter claims of those furnishing housing to unemployed citizens?
2. If so, on what basis does the federal authorities contribute for these purposes?
3. How much has been disbursed by the federal authorities in respect to rental or shelter claims in the different provinces?

Mr. MANION (for Mr. Gordon):

1. Under The Relief Act, 1932, the Dominion government is contributing to the expenditures of the provinces and municipalities for direct relief which is defined as food, fuel, clothing and shelter, or the equivalent thereof.
2. Under The Relief Act, 1932, the Dominion government has agreed to contribute 33⅓ per cent of the expenditures of municipalities in respect to direct relief with the proviso that in cases where a municipality is financially unable to contribute one-third of its necessary expenditure, the contribution of the municipality may be decreased, the Dominion government and the province increasing their contributions accordingly. In the case of direct relief administered by the provinces in unorganized territory, the Dominion government contribution is 50 per cent.
3. Expenditures for Shelter under the Relief Act, 1932, to which the Dominion Government contributed as at February 28, 1933:

Prince Edward Island	$ 1 00
Nova Scotia	Nil
New Brunswick	5,945 00
Quebec	344,267 46
Ontario	715,217 39
Manitoba	769,204 19
Saskatchewan	54,839 17
Alberta	342,046 10
British Columbia	142,680 67

QUEBEC RELIEF CAMP

Mr. DUGUAY:

1. How many unemployed receive assistance at the camp established in the city of Quebec?
2. Does the provincial government contribute to the upkeep of this camp?

Mr. MANION (for Mr. Gordon):

1. The camp operated by the Department of National Defence as a relief measure contained 417 men as at February 28, 1933.
2. No.

UNEMPLOYMENT RELIEF—QUEBEC ROAD CONSTRUCTION

Mr. DUGUAY:

Has the Quebec government made a proposal to the federal government that they jointly undertake road construction to help the unemployed?

Mr. MANION (for Mr. Gordon): Under the Unemployment Relief Act, 1930, and the Unemployment and Farm Relief Act, 1931, the Dominion government contributed to various road works which were carried out by the province and municipalities as set forth in reports respecting those acts which have been tabled. Under The Relief Act, 1932, the Dominion government is contributing to the direct relief expenditures of the province and the municipalities, and it has been provided by provincial regulation that those in receipt of relief should do work in return for same. This work, it is understood, is in many cases road construction.

UNEMPLOYMENT RELIEF—UNMARRIED MEN

Mr. DUGUAY:

1. Has the federal government made an agreement with the provinces whereby the former will provide for unmarried unemployed men?
2. What provinces have made representations to the government in this regard?

Mr. MANION (for Mr. Gordon): 1 and 2. This was dealt with very fully by the Minister of Labour on February 24, see Hansard of that date.

QUESTION PASSED AS ORDER FOR RETURN

DEPARTMENTAL TRANSLATORS

Mr. GOBEIL:

1. How many translators are there in each department of the government?
2. What are their names and salaries?
3. When were they appointed?

MOTIONS FOR PAPERS

CAP DES ROSIERS, QUEBEC WHARF

Mr. BRASSET:

For a copy of all reports, paysheets, vouchers covering expenditures, and other documents, in respect of repairs to the wharf at Cap des Rosiers, in the years 1931 and 1932.

CONTRACTS UNDER PREVIOUS GOVERNMENTS

Mr. BOULANGER:

For a copy of all contracts granted by the preceding administration that were revoked or modified by the present administration since taking office to date.

Mr. BENNETT: As I mentioned when this motion was called last time, it involves a tremendous amount of what I would conceive to be useless work, inasmuch as to prepare a copy of all the contracts in which, for instance, small extras were paid or any matters of that kind arose, means a great deal of time and labour, and the employment of many people to very little purpose. To say "revoked or modified by the present administration" involves every contract regarding which even an extra five or ten dollars were paid, because this means a modification of the original contract. If he would be willing to amend his motion by providing to have it read:

Revoked and a statement of any modifications that were made in existing contracts

It would be more in keeping with what is required, save time and expense, and secure the return a little more quickly than otherwise.

Mr. BOULANGER: In regard to this motion, I may say that the information I was seeking has already been given by the Prime Minister,—on Monday and just now—by his statement that almost every contract has received some slight modification, by all governments. That is a principle I wanted to have recognized, and I hope the Prime Minister will find a way to modify also the contract for printing currency bills.

Mr. SPEAKER: Dropped?

Mr. BOULANGER: Yes.

CURRENCY NOTES AND BONDS—PROPOSAL FOR STAMPING OR PRINTING IN BOTH OFFICIAL LANGUAGES

Mr. BOULANGER:

For copies of the debentures and bonds of the treasury of the Dominion of Canada printed under chapter 71 of the revised statutes of Canada, 1927, printed and published in pursuance of section 133 of the British North America Act and section 10, chapter 2 of the revised statutes of Canada, 1927.

Mr. SPEAKER: It seems to me that this resolution is not sufficiently explicit. As it is worded, it would require a copy of every bond or debenture printed under the authority of chapter 71 of the Revised Statutes of Canada 1927, and this would be an impossible task. I would suggest that the hon. member redraft his motion.

Mr. BOULANGER: I want just one specimen.

Mr. SPEAKER: Will the hon. member revise his motion? In the meantime it will be withdrawn from the order paper.

CANADIAN COINAGE

Mr. BOULANGER:

For specimens of Canadian gold, silver, nickel and bronze coins minted under the authority of chapter 40 of the revised statutes of Canada, 1927, printed and published in pursuance of section 133 of the British North America Act, and section 10, chapter 2 of the revised statutes of Canada, 1927.

Mr. SPEAKER: This resolution entails a charge upon the people, involves the expenditure of public money and so could only be proposed by a minister of the crown on the recommendation of the Governor General, under standing order 60; and would have to be referred to a committee of the whole house after notice before the house could vote on it. The resolution is not in order when introduced by a private member and will have to be dropped from the order paper.

Motion dropped.

DOMINION NOTES

Mr. BOULANGER:

For copies of Dominion notes issued and printed under chapter 41 of the revised statutes of Canada, 1927, printed and published in pursuance of section 133 of the British North America Act and section 10, chapter 2 of the Revised statutes of Canada, 1927.

Mr. SPEAKER: The same objection applies to this motion as to the one in regard to treasury debentures and bonds; it is not sufficiently explicit. As it is worded now, it would require a copy of each dominion note so issued. I would ask the hon. member to amend this motion.

Motion dropped.

Mr. BOULANGER:

For a copy of the contract granted by the government of the Dominion of Canada for the printing of Dominion notes issued under chapter 41 of the revised statutes of Canada, 1927, printed and published pursuant to section 133 of the British North America Act and section 10, chapter 2 of the revised statutes of Canada, 1927.

Mr. BENNETT: It must be obvious that this is not a motion the hon. member expects to have met in any way. The return asked for is one that involves statements that may or may not be of fact; it involves questions of conclusions of law that may or may not be good. If he asks for a copy of the last contract granted by the Dominion of Canada for the printing of dominion notes, that should be sufficient.

Mr. BOULANGER: That is sufficient. I may add that all these motions have been inspired by an interview which was granted to the press some time ago by the Postmaster General—

Some hon. MEMBERS: Order!

Mr. BOULANGER: —in which he stated that he would move to have laid on the table copies of bills and bonds made in accordance with the requirements of the constitution.

Mr. SPEAKER: The hon. member will amend this motion.

Motion dropped.

BILINGUAL COINAGE AND CURRENCY

Mr. BOULANGER:

For a copy of all correspondence or petitions forwarded to the government or any member of the ministry, by any person or association, requesting the coinage of dominion metallic currency and the printing of dominion notes in the two official languages of the country.

Mr. BENNETT: It must be obvious that at least some limitation should be placed on this motion. It began in 1867, and it would be rather a difficult task. I would ask the hon. gentleman to put at least some time limit upon his motion.

Mr. BOULANGER: From August 7, 1913.

Mr. SPEAKER: Motion stands.

PRIVILEGE—MR. BENNETT

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I think as a matter of privilege it is due to the reputation of this house that I should read two telegrams which have been received by me with respect to observations made by an hon. member of this house regarding persons outside who obviously have no means of making reply except in this way. One is in answer to the telegram that I sent immediately after leaving the chamber and obtaining a copy of Hansard to quote the exact language used by the hon. gentleman. The telegram is from Mr. McClay:

Referring your telegram even date, am prepared to give affidavit that I have never spoken to Mr. Reid in the Chateau Laurier and absolutely deny his allegation—

Some hon. MEMBERS: Order.

Mr. MACKENZIE KING: I rise to a point of order, Mr. Speaker, namely that the Prime Minister is not in order in reading any message emanating from persons outside this house, that reflects on what has been said by hon. members of this house.

Mr. MACKENZIE (Vancouver): See rule 306.

Mr. BENNETT: Rule 306 does not touch this. I shall deal with the question of order which has been raised. If it is not competent for this parliament in the exercise of its privileges to protect itself from statements such as were made, then I have no appreciation of what the privileges of this house are. The rule does not deal with them. There are 245 members of this house, and they have a right in debate to influence the judgment of the members of this tribunal. But with respect to a matter that was under debate, in introducing the opinions of someone else outside of this house, the hon. member is adding to the numbers of this house, making the membership 246, which is contrary to all the rules of all parliaments so far as I know, especially in Great Britain and under our rule 306, whether it is introducing newspaper opinions or individual opinions because it is introducing another member into the house who is not here for that purpose.

It has long been the privilege, not of an individual member, but of parliament itself, as the right hon. gentleman has so frequently reminded me since I have had to occupy this post, that whoever for the moment is leading the government is leader of the house and should be jealous of its privileges, and one of the privileges of this house is to see that when attacks are made on those outside of the house who may not answer in the house, at least the opportunity should be afforded to them, either by telegram or letter, since they cannot bring an action in courts of law, to state that there has been a misunderstanding or that the statements made were unwarranted. If it is the view of this house or of any part of this house that that high privilege of parliament should be disregarded in this instance I am content, but I feel that it is my duty, and I put it on no higher ground than that, to say to you, Mr. Speaker, that when a member of this house makes a statement with respect to a person who is not in the house but which does touch and impinge upon the honour of a member of this house and a member of this government as well, the privileges of parliament must accord to the government of the day an opportunity to place before this tribunal the statement of the person whose honour is thus impugned. That is the position I desire to take, but if this house desires to prevent the reading of the telegrams on a question of order, which I do not think applies, I am content.

Mr. MACKENZIE KING: I submit to you, Mr. Speaker, that the Prime Minister is free to make any statement which he deems necessary to protect himself, the government or this house, and nobody can take exception to his so doing. The exception that is being taken at the moment is to my right hon. friend reading a telegram from someone who is not a member of this house reflecting on the proceedings of this house, upon words that have been uttered in this house and commenting upon them. It is that feature to which we take exception, and not to the Prime Minister doing all in his power to protect himself or anyone else by making any statement he himself wishes to make. But he must not bring into this house and read documents from persons outside which reflect upon what has been said by hon. members of this house.

Mr. BENNETT: I am not in disagreement with what the right hon. gentleman has said. I think on more than one occasion I have expressed in different terms the same view that he has expressed, that it is not competent for any person outside of this house by the use of telegrams to engage in debate with members within the house, with members who must carry on their debates with one another, and not with persons outside the house. But what I was endeavouring to say was that where the honour of a member of the house is impugned, if he is a member of the government, it is my duty as I conceive it, and I have looked slightly into the matter and have been reminded of it frequently, to endeavour to make clear to the house what the facts are. But if there is objection to the reading of telegrams on that ground, I shall content myself by merely stating that the government has been advised by Mr. McClay and by the Fraser River Elevator Company Limited that the statements must have been made under a misapprehension of the facts and—I will put it as strongly as this—that there is no foundation for them in the form in which they appear.

I am now considering the question whether the matter should not be referred to the committee on privileges and elections for the purpose of protecting those without from attacks from those within to which they cannot reply.

Mr. THOMAS REID (New Westminster): On the question of privilege, Mr. Speaker, I repeat the statement I made the other day, and which I made on the word of a member of parliament, that the words in question were said to me by Mr. McClay. If I was outside the house I would make precisely the same statement as I made in the house. I repeat that the words were said to me. I have a vivid recollection of them, and I simply stated in the house what was stated to me by Mr. McClay.

NEW WESTMINSTER PENITENTIARY

On the orders of the day:

Hon. HUGH GUTHRIE (Minister of Justice): On Monday the sixth instant my hon. friend from New Westminster (Mr. Reid) asked me a question with regard to conditions in the New Westminster penitentiary. He said that a communication had reached him with regard to some trouble in the New Westminster penitentiary, and I replied on Monday the sixth that no word of it had come to my knowledge. I just wish to inform my hon. friend that a slight disturbance did occur in the penitentiary yesterday, not on Monday. It was not a very large affair, and I am glad to say that it was promptly quelled.

Mr. REID. I hope the minister is not implying that I had advance knowledge of the trouble that occurred yesterday.

PRIVILEGE—MR. STEVENS

On the orders of the day:

Hon. H. H. STEVENS (Minister of Trade and Commerce): Mr. Speaker, I think I am entitled as a question of privilege to refer to the observations twice repeated by the hon. member for New Westminster (Mr. Reid) which I took occasion promptly and immediately to deny the other day. I think I have a right also to claim from this house, after some twenty-three years here, the same courtesy and assurance from the house that is usually granted in such cases, that it will accept my word. The hon. member in his remarks alleges that someone outside the house stated that he was in a certain position looking after my personal interests. I emphatically denied it at the time, and I again deliberately and emphatically deny it now, and hurl it back into the face of anyone who makes it. I ask this house to accept my word on that point.

Mr. RALSTON: We believe you both, that the hon. member for New Westminster reported what was said to him, and your denial.

Mr. STEVENS: There is something more than a joke in this.

Mr. RALSTON: I am not joking.

Mr. STEVENS: My hon. friend must be joking.

Mr. RALSTON: But I am not.

Mr. STEVENS: I submit you cannot accept both. Either the statement was true or it was not. I assert it was not true, and most emphatically deny it.

Mr. RALSTON: He said he was told it.

Mr. BELL (Hamilton): Someone told him; he met a strange man on the street.

SEED RELIEF

On the orders of the day:

Mr. A. L. BEAUBIEN (Provencher): Mr. Speaker, last fall in parts of Manitoba grasshoppers ravaged the crops, especially oats and barley. As a result farmers find themselves without seed for the spring. May I ask the government if they have received a request from the province of Manitoba to assist in providing seed, and if they have not received such a request will they give favourable consideration to the matter?

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the treasurer of the province of Manitoba has been in the city for the last few days and has discussed with the government, fully, the financial position of that province.

INQUIRY FOR RETURN

On the orders of the day:

Mr. A. E. MacLEAN (Prince): Mr. Speaker, on February 23, an order of the house was passed requesting the Minister of Fisheries to bring down a certain return dealing with a little naval engagement in which some of our fishermen were fired on. I should like to know when the minister will be able to let me have that information.

CURRENCY NOTES AND BONDS

PROPOSAL FOR STAMPING OR PRINTING IN BOTH OFFICIAL LANGUAGES

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I desire to give to the hon. member for Bellechasse (Mr. Boulanger) some information which apparently was overlooked when the discussion was taking place in the house with respect to the printing of bonds in the French language. I give the information in consequence of one of the questions he asked to-day. The following memorandum which has been prepared by the comptroller of currency I should like to read:

Bonds in French text were issued in the various denominations both fully registered and coupon in the issues of the 1917 victory loan maturing 1922, 1927 and 1937; the 1918 victory loan maturing 1923 and 1933 and the 1919 victory loan maturing 1924 and 1934. The demand for these bonds was so small, however, that when the 1922 renewal loan was issued maturing 1927 and 1932 bonds of French text were issued in the $50 denomination only and in the 1923 refunding loan maturing 1928 and 1943 fully registered bonds were issued in the denomination of $500 and coupon bonds in the denomination of $100.

Of the bonds of French text of the 1943 maturity only 268 coupon bonds of $100 each and 66 fully registered bonds of $500 each have been issued since the loan was floated, almost ten years ago.

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

The house resumed from Tuesday, March 7, consideration of the motion of Hon. R. J. Manion for the second reading of Bill No. 37, respecting the Canadian National railways and to provide for cooperation with the Canadian Pacific railway system, and for other purposes.

Hon. PETER HEENAN (Kenora-Rainy River): Mr. Speaker, this is one occasion when I regret very much the forty minute limit, because the matter before us is so gigantic and important that forty minutes is but sufficient to touch the fringe of it. I shall, however, spend one moment of my time to plead with the government or the minister to refer this bill to the committee on railways and canals. A large body of Canadian citizens are desirous of presenting their views before the House of Commons previous to the passing of this measure. It is not sufficient, as the minister said yesterday, to say that a Senate committee met many citizens and heard statements from them. This bill is now before the House of Commons, not before the Senate; citizens wish to present their views to this house. I know I am speaking for a large body of people in Canada, when I state to the minister they will not be satisfied until they have an opportunity of appearing before a committee of the house.

Before discussing the principle of the bill I direct the minister's attention to section 179 of the Railway Act, which reads as follows:

> The company shall not, at any time, make any change, alteration or deviation in the railway, or any portion thereof, until the provisions of the last preceding section are fully complied with, nor remove, close, or abandon any station, a divisional point nor create a new divisional point which would involve the removal of employees, without leave of the board; and where any such change is made the company shall compensate its employees as the board deems proper for any financial loss caused to them by change of residence necessitated thereby.

If the minister will compare this section of the Railway Act with section 2 of the bill he will find that the privileges and provisions contained in the Railway Act are covered only in part by the bill now before us. Section 2 of the measure under consideration is as follows:

> 2. The provisions of this act shall bind His Majesty and shall prevail over all inconsistent provisions of all other acts.

Then the section goes on to make the exception concerning that part of section 179 of the Railway Act, which relates to compensation of employees for financial loss caused to them by removal, closing or abandonment of any railway station or divisional point. In other words the provision for compensation is there, but the provision which permits the town councils or municipal bodies to appear before the railway commission is entirely eliminated from the section.

I ask the minister to also look at section 7 of the bill before us. It reads as follows:

> No trustee shall be removed from office nor suffer any reduction in salary, during the term for which he is appointed, unless for assigned cause and on address of the Senate and House of Commons of Canada.

I do not find that recommendation in the report of the Duff commission and I am wondering where it came from. When did the Senate of Canada receive the right to control the financial interests of Canada? As I understand it the trustees, after their appointment for seven years, cannot be dismissed, and their salaries cannot be reduced except upon an address by the Senate and House of Commons. They can spend all they like or do anything they wish, yet the Senate has to express disapproval before they can be dismissed.

Mr. MANION: They can spend only what money they can get.

Mr. HEENAN: Yes, and they can do what they like with the property in those seven years. The proposal to put men in office for seven years and leave them as arbitrators or dictators, with power to deal with the Canadian National Railways as they will, and no matter what they spend the parliament of Canada having no say as to whether or not they should be dismissed, is a principle which I cannot support. I would like the minister to take that into consideration before the final vote is taken upon this motion for second reading, because while I wish to cooperate in every way possible with the government in the exercise of economy, I cannot stultify myself by voting away the principles of democratic government and handing control over to a dictator appointed by the government of Canada.

We have this bill before us for second reading. It is upon the second reading of a measure that we pronounce upon the principle it embodies. To my mind the principle contained in this measure is the amalgamation of

the operation of the railroads of Canada, no more and no less. It is of no use to pretend that we are against amalgamation of the properties, while we have in this bill, by means of the arbitral tribunal, provision for the amalgamation of the operation of these railroads. Some one may say no. I see the minister looking askance at that statement. Let me read again what jurisdiction the arbitral tribunal has:

(a) joint use of terminals;
(b) running rights and joint use of tracks where there are actual or functional duplications, or where such may be avoided;
(c) control and prohibition in respect of the construction of new lines and provision of facilities and additional services where no essential need of the public is involved, or where the result would be in the main the division of traffic already adequately provided for;
(d) joint use of facilities where this would promote economy or permit the elimination of duplication or unremunerative services or facilities;
(e) abandonment of lines, services or facilities;
(f) pooling of any part or parts of freight traffic or of passenger traffic; and
(g) things necessarily incidental to the above enumerated matters.

If that is not a direction for amalgamation of the operation of railroad services in Canada then I do not know in what language you could describe it. Reading part III of the bill, and knowing something about railroad matters—too little it is true, but still a little—I look at the possibilities it contains. First the bill directs voluntary cooperation between the two managements. Secondly it provides for forcible cooperation. In my opinion there is no such animal. The moment you attempt by force to make people agree is the very time you make them disagree. Lawyers say: Oh well, we have courts of law; two litigants go to the courts and state their respective cases; a decision is rendered, and that is all there is to it. But the analogy does not hold. The difference is that in the court case either one litigant is satisfied or both are dissatisfied, and they may never see or do business with each other again. Here, on the other hand, the two railway managements are going to sit down together again the next day, probably both disappointed, or one gloating over his conquest over the other. Cooperation in such circumstances is impossible. This I regard as a coercive measure. I can imagine the management of the Canadian Pacific going to the management of the Canadian National and saying: We want you to abandon this service, to merge some other service, to abandon some branch line or main line. If the management of the Canadian National says: No, that would not be in our interest, then the Canadian Pacific will say: We will place the matter before the arbitral tribunal and take our chance there. Is that the way we want to run the railroads of Canada? But that is what we are providing for in this measure as it is before us at the present time.

I can imagine, in fact I have reason to believe and I do believe, that the effect of this measure would be much more far-reaching than we can anticipate at the moment. I have reason to believe this for instance; In the city of Montreal we have two back shops; in the city of Winnipeg we have two back shops; in the city of Calgary we have two back shops, and also in the city of Vancouver. Those points I know. And I believe as certainly as I am standing here that it is contemplated to close one of the shops at each of those points and have one shop do the work for both roads. By that one action between 8,000 and 10,000 men would be thrown out on the streets and their dependents left without means of subsistence. Yet the principle enunciated in this bill provides for that very thing, and I am asked to vote on the second reading endorsing that principle. If that occurs, what provision have we made for these men? Surely if we are going to save, as some say, millions of dollars, yes, billions over a given time, surely we can find ways and means of compensating these people either by pensions, or by putting them into other positions as remunerative as those they have at present. Surely we should not always disregard human rights in the interests of dollars.

I have in mind another condition which I firmly believe will be brought about by the passage of this measure. It has been said that it would be proper to abandon many hundreds of miles of railway line between Winnipeg and the east. If that were done, what would be the effect upon the people in that part of the country who in good faith settled along these railway lines? What effect would it have on the business men who in good faith located in the small towns along that railroad. What effect would it have on the industries that have been located along those lines in good faith? I say in good faith, because the railroads and the branch lines that exist at the present time were built under the authority of this parliament, consequently, having been established in that manner, the people along those lines had the right to believe that the parliament of Canada and the people of Canada would deal fairly with them. I have also in mind the fact that several towns along one of those lines are railroad terminals, with populations consisting chiefly of railroad employees. We built and developed our railroads, as I say, by authority of the parliament of Canada.

Young men left the farms and other occupations and entered the railroad service; they were sent out to these isolated places in order to serve the people of Canada. They got married, built their little homes, their churches, schools and community halls, and now with one stroke of the pen it is intended, as I regard it, to throw these people with their wives and children and dependents into the discard.

Mr. MANION: May I offer a suggestion to my hon. friend, with all respect? He is making a lot of positive statements about what is going to happen under the bill, regarding which no one knows the outcome in the end at all. I doubt if it is wise to throw the fear of that sort of thing into a lot of people at least until there is more cause than there is at present.

Mr. HEENAN: If the Minister of Railways will here and now give me the assurance of the government that this will not be done, I will support the second reading of this measure.

Mr. MANION: I could not give any such assurance.

Mr. HEENAN: Of course you could not.

Mr. MANION: But I say I do not think it is wise for any hon. member to stand in his place and say that this is going to happen when there is no assurance that it will be so.

Mr. HEENAN: I would remind the minister that the member for Kenora-Rainy River is making this speech.

Mr. MANION: I do not think it is a very good one.

Mr. HEENAN: Perhaps not, but I want to tell the Minister of Railways that he and his government dare not go to the country on this measure.

Mr. MANION: We will go to the country on this and other measures when the proper time comes.

Mr. HEENAN: Why do we propose to throw these people into the discard? It is in order to pay interest to those who hold the bonds of those railways. It is about time we began to consider the human beings in this country rather than the payment of the full interest on bonded indebtedness and that sort of thing. Why should the labouring men be sacrificed all the time in order that dividends and interest may be paid? If we have to make sacrifices let them be equal; let those who hold the bonds of these railways make a sacrifice as well. Let us for a start cut their interest in half, and if necesary we can cut it again in order to make their sacrifice equal to that which is required of the labour men of Canada.

I cannot support a measure, Mr. Speaker, that contemplates the sacrifice of human beings in this country in order that money lenders may exact their last pound of flesh. Who suffer first and most in all these matters of economy? Who but the labour men of this country? Who suffer most in connection with the economies made on our railways? In 1931 the railway men were paid $74,000,000 less in wages than they received in 1929. I have not all the figures for this year, but I am satisfied that they will receive in wages $125,000,000 less than they were paid in 1929, and that does not take into consideration the thousands of men who have been thrown on the streets and who are receiving direct relief because of the policies of this government. By means of this measure thousands of others will be discarded and placed among the ranks of the unemployed.

I cannot support such a measure, Mr. Speaker. This bill is based on the findings and recommendations of a body known as the Duff commission, on which there was no labour representative. No consideration was given the human factor in the appointment of this commission. They have said that we have too many miles of railway for our present needs. Of course we have. If this government maintains its present trade policies very much longer we will need only a few airplanes to do the business of this country. Did the Duff commission look at nothing but our present needs? Is that all this government look at? Do they think we are not going to develop and spread out? Are we to tear up the rails and abandon branch lines, terminals and stations just because we are passing through a period of depression at the moment? I say the people of Canada will not stand for such a thing. Then the Duff commission said there had been too much competition, and that it must cease. The railways have had to act as other businesses have acted; they have believed that competition was the life of trade. They have been encouraged to compete, but during a time such as this we change about and tell them they must compete no longer, that they must cooperate and that they are to be condemned for a competition carried on in the past.

The commission also say there have been extravagant expenditures. When you are dealing with millions and billions of dollars that is the easiest thing in the world to say. I have no doubt some expenditures have been made in connection with our railroads, as in connection with any large corporations, that

were not warranted. I have no doubt a hotel or a steamship could be picked out here or there which we could have done very well without, but when the Duff commission just say in a general way that the managements of the railroads have been guilty of extravagant expenditures I think it shows that they were paying more attention to theory than to facts. They entirely forgot the services demanded of our railroads by the people. They forgot the speed that was required. They forgot that the Canadian National system was a group of practically bankrupt railroads, and I have sufficient knowledge of railroads to be able to say that when a road is near bankruptcy it is not maintained in very good condition. Sir Henry Thornton had to take those roads out of the mud, and he made them the envy of the railways of the North American continent. Of course great expenditures were required. Money had to be spent for efficiency, so that the people might be conveyed in safety. Larger locomotives had to be built in order to haul greater tonnage and thereby provide greater efficiency. Larger and heavier bridges had to be built in order to carry those larger locomotives, and a more substantial roadbed had to be maintained in order to ensure the safety of the public and the employees of the roads. This all took money.

Yesterday the Minister of Railways spoke on this matter and he referred to the savings that have been effected, especially those made last year. I want to tell the minister—and I do not wish to be unkind—that neither the government nor the present management of the Canadian National could have effected those savings had it not been for the position in which the roads were left by Sir Henry Thornton and his colleagues. I want to ask hon. members to consider one other point when they are considering the question of dollars and cents. Would the people of Canada be satisfied to have in this country the same proportion of people maimed and killed on our railways that goes on in the country to the south? I say they would not, and if the expenditure of money safeguards the lives of the people of this country I think whatever money was spent was well spent. I repeat that had it not been for the previous expenditures made in order to take these bankrupt roads out of the mud and weld them into a first class railway, neither the Minister of Railways, the government nor the present management could have effected the saving that was made last year.

Mr. McGIBBON: Could the hon. member tell us where the savings were made?

Mr. HEENAN: I should like to take a leaf from the book of the Prime Minister (Mr. Bennett), and prescribe only when I am called in. My hon. friend and his party can take all the credit they like for the savings that have been effected, but if it had not been for the efficiency of the management and employees of the Canadian National Railways in maintaining the lines and equipment in good condition, those savings could not have been made. The Canadian railroads are efficiently managed. They are referred to throughout the world as being the most efficiently managed railways there are. Our roads were constructed on a basis entirely different from the roads in Europe; they were constructed upon the same basis as the American roads. The European railroads were constructed and equipped to haul small loads short distances while our railroads were constructed and equipped to haul large loads long distances. We have brought our railroads to such a point of efficiency that to-day we are able to move 12,000 tons of freight per man per mile more than the railroads in the United States. The hon. member for Stanstead (Mr. Hackett) referred to the wage structure and the working conditions, and for his information I would say that we move this extra tonnage for approximately seven per cent less wages.

Mr. McGIBBON: Putting more men out of jobs.

Mr. HEENAN: I do not know what you are talking about.

Mr. McGIBBON: I quite believe that.

Mr. HEENAN: There is no more need for this bill than there is for the man in the moon. Our railroads should be permitted to cope with this depression. The head of the Canadian National Railways is an experienced railroad man and if a check is needed upon him it can be had through the Minister of Railways or the government of the day or the House of Commons. Does the house think that the head of the Canadian Pacific Railway is free to build more hotels, more steamships or more branch and main lines? He is under the check of his shareholders and directors and in addition, as I understand it, he could not do these things without the authority of this parliament. We ought to give these men credit for having some business sense.

This bill could be introduced only at a time of depression and then only under the cloak of a financial burden. No party in this country, whether it be the Liberal party, the Conservative party or the Cooperative

Commonwealth Federation would dare to introduce a measure for the amalgamation of the operations of our railroads and expect to get the endorsation of the electors of this country. This bill practically provides for a dictatorship from first to last. There are to be three trustees but the chairman shall have a veto over the other two. The trustees are to be appointed for seven years and they cannot be dismissed or have their salaries reduced other than by an address of the Senate and the House of Commons. There is to be an arbitral tribunal and there is no appeal from the decisions of the chairman of this tribunal. Unless some statement is made before the vote is taken as to what the government proposes to do in committee, I shall vote against the second reading of this measure.

What is needed to solve the railroad problem of Canada is greater tonnage and this could be provided by an additional flow of trade in and out of Canada. The records of 1926 will show that the railroads paid over and above their operative expenses. This surplus amounted to from $20,000,000 to $50,000,000, in one year being as high as $54,000,000. The hon. member for Algoma (Mr. Nicholson) shakes his head, but I want him to realize that I am speaking about the earnings over and above the operating expenses; I am not speaking about the financial structure and the interest upon bonds. We ought not to be in despair over this problem. Compared with 1928 and 1929 we have lost more than half of our trade, so is it any wonder we have a railroad problem? Should we take advantage of this situation to create a dictatorship to run our railroads without any control by parliament? We should not. I contend that this is a breach of faith with the electors of Canada who were promised emphatically that there would be amalgamation never and competition ever. While this bill may not provide for the complete amalgamation of the two systems, it does provide for the amalgamation of operations and in my opinion that is the thin end of the wedge of final amalgamation of the two railroads.

References were made last evening by the hon. member for Stanstead to the wage structure and the conditions of employment of the railwaymen of Canada. It was quite evident that the hon. member was dealing with something about which he knew very little.

Mr. HACKETT: That is a custom well established in the house.

Mr. HEENAN: I think a lot of the hon. member, but last night he showed that he could make a speech with his tongue in his cheek.

Mr. HACKETT: Last year I was called to order for making that utterance.

Mr. HEENAN: I felt sorry for the hon. member when he concluded his remarks by saying that in these days a man should support the government at all costs. I do not intend to support this or any government at the cost of a principle. The principle of this bill is the amalgamation of the operations of our railroads as well as the provision for a dictatorship and the establishment of an arbitral tribunal. As one who is interested in his fellowmen I shall be forced to vote against the second reading of this bill unless the government makes some pronouncement in connection with some of the objections raised.

The wage structure of our railroads has been built up from negotiations extending back over a period of fifty years. These negotiations were carried on by men who knew their business better than the hon. member or myself. They were men who were interested in the financial structure of our railroads and in the paying of dividends while on the other side of the table sat men who were interested in the welfare of the worker. It is not enough to make a sweeping statement that this structure needs investigation. If we are going to investigate wage structures, we ought to investigate the salaries and fees paid to professional men. I would be quite prepared to go right down the line and investigate the salaries and fees paid to professional men and to those employed by the financial institutions who have fleeced the public in an effort to pay large dividends upon their stocks. I would be quite prepared to investigate all these matters and I am quite satisfied that the wage structure of the railroad men would stand up one hundred per cent against any of them. The hon. member referred to the fact that when a man ran one hundred miles he received one day's pay. The fact is that a one hundred mile run is considered to be a day's pay because it is the minimum that can be paid for the man's work. The hon. member referred to the case where a man might be called out, then sent home again and yet receive his day's pay. That shows that the matter is complicated. These are men who do not get pay when they are not called out; they are not on salary or wages; they are paid only for the time they are called out. In all these cases where seemingly a man gets something for nothing, it will be found that he has to give something for nothing at the other end. For instance, a man is called out; he goes over a division in eight or ten hours and he gets paid so much

a mile for his work. He has to remain at the other end of that division, whether it be ten, twelve or twenty hours, without pay, on duty ready to take his turn out again when the railroad company requires his services. Consequently the matter is compensated. The whole question is one that ought not to be discussed lightly, and I am prepared to discuss it at any place or time with any hon. member. But I say that these are matters that have been investigated and considered by boards and boards and boards of conciliation and investigation, and not in a single case has the wage structure that has been built upon our railroads or the condition of employment ever been interfered with.

I see my time is about up. There are two or three matters I have pointed out that in my opinion require that this government should permit the bill to go to a committee, so that those who are vitally interested in the question may present their views to the House of Commons. I have also pointed out two or three matters in regard to which the approval of the House of Commons should not be asked. I would request the minister to take note of them and if, before the debate is concluded, he is prepared to make any pronouncement satisfactory to the house, I shall support the measure on the second reading, reserving to myself the right to offer amendments in committee. If, however, there is no answer from the government with respect to those matters, then I regret that I shall have to vote against the principle of this measure.

Mr. PETER McGIBBON (Muskoka-Ontario): Mr. Speaker, I remember on one occasion sitting in the gallery of the local legislature in Toronto and after a gentleman had made a very vitriolic attack on the late Hon. G. W. Ross, who was then premier, the latter rose and said: "Now that everything and everybody has been damned, let us get down to business." After listening to the speech of the hon. member for Kenora-Rainy River (Mr. Heenan), and reflecting upon the little he contributed to the solution of the problems now before the house and the country, I could not help thinking of the futility of the debates in this chamber. Parliament to-day is confronted with the greatest problem with which, since the war, this country has ever had to deal. If we exclude the casualty lists, the problems with which we are attempting to deal are the greatest that have ever come before the House of Commons and the Senate of this dominion. This bill is a challenge to democracy in a responsible institution. We have to decide here to-day, or before this bill passes, how much parliament can salvage from the wreckage of the railway systems of this country, in which the people have a sum invested of no less than $2,600,000,000, and where they have had for some time in the past, and in my opinion will have for many years to come, a tax ranging from $75,000,000 to $100,000,000 a year. In addition to that there are in the offing the jobs of possibly 150,000 or 175,000 men in this country. That is the problem which this bill is attempting to solve; it is the problem before this house and before the people of Canada to-day, and to my mind it is one of the greatest problems with which we have ever had to deal.

I do hope this bill may solve it. I recognize the fact that on the authority of this house we appointed a committee of eminent railway, business and legal men who gave freely of their time and talent, and embodied their conclusions in a report which they presented to the house. Based upon that report is the bill which we are now considering. To that committee, which gave so freely of its time and talent to solve problems which are ours, we owe at least the courtesy of putting its conclusions into practice for at any rate a short time. I hope this bill may solve the question, but I have given the matter a great deal of thought for the last ten years and intensive thought for the last two years, and I must say I feel this bill will fail to give this country the redress it needs. I say that reluctantly, but it is my firm conviction that we have to do something more drastic. We are simply scarifying the surface, beneath which lies a fulminating, malignant condition that is weighing heavily in the form of taxation upon the people of Canada. I hope this bill will do the work; I hope in the years to come we may report such increased earnings and savings that the taxation on an already heavily burdened people will be lessened, but I believe we shall have to go deeper to find the remedy.

It is not for me to resurrect the dead, to place flowers upon sepulchres or to say a requiem mass, so to speak, upon the departed; but when I heard the hon. member from West Lambton (Mr. Gray) try yesterday to accuse the party upon your right, sir, as being responsible for the problems with which we have to deal to-day, I thought in justice to myself, to the party I represent and to the vote that I gave in 1919 to take over those roads, I must justify my action then in the light of history and of the measure which we now have before us. This is the second time that the party on this side of the house has had to step in and straighten out the railway situation of this country.

Mr. YOUNG: Oh, oh.

Mr. McGIBBON: Does the hon. member for Weyburn doubt that?

Mr. YOUNG: Yes.

Mr. McGIBBON: Well, let me tell him that when his party guaranteed the bonds of the old Canadian Northern from Fort William east, and when they started the Grand Trunk Pacific, they placed upon the necks of the people of Canada the railway problem we have had ever since.

What was the condition in 1919 when this question loomed large upon the political horizon of this country? Let me remind the house through you, Mr. Speaker, that during the war the Grand Trunk and other railways in this country with which the government was involved held up the government of the day for money out of the federal treasury while the company went on paying dividends to its stockholders in England. The railways were supported at that time in order to maintain the service. I remember well looking into the obligations of the country at that time in connection with the railways, and I found that by guarantees and loans this country was committed to $331,000,000 of obligations, and in addition the provinces were committed to some $96,000,000 of obligations, making a total of some $425,000,000 which this country stood to lose. There were negotiations at that time for the absorption of the Canadian Northern by the Canadian Pacific, negotiations to get control of the stock of the Canadian Northern which were only stopped by the action of the then government.

In addition to that $425,000,000 of obligations, we had on our hands the Moncton to Winnipeg line and the Intercolonial, in which we had invested something over $400,000,000. If we had let the national railway slip out of our hands at that time these railways would have been largely useless. They had not terminals of their own and traffic-gathering facilities, and the country would have been confronted with some $800,000,000 of loss, and practically no assets on the other side of the ledger.

What did we do on that occasion? We took over all these railways and we thereby contracted another $800,000,000 of obligations. But that was very little more than we would have lost had we done what many advocated —allowed the roads to go into bankruptcy. It is on that ground, sir, that I have always justified my vote in the past for the government ownership of these railways to the extent to which this country is already committed. It was a necessity. It was not our child, but it was on our doorstep. It was a situation with which we had to deal, and we passed the necessary legislation for consolidating all these railways into one national system. It is true that the consolidation had not taken place before we went out of office, but the legislation had been passed, everything was prepared, and the roads were the property of the Dominion of Canada.

I say without fear of successful contradiction that had the management of that day been left in charge we would not have had the mess we have to-day. If you look at the returns you will find that the greatest improvement ever made by the Canadian National Railways was made in the year 1922. But what have we to-day? Instead of the obligations I have mentioned we have a debt upon this country on account of these roads of $2,600,000,000. That is the amount to which it has grown since this government went out of office in 1921. That is the colossal amount to which the debt had multiplied and magnified when we returned to power in 1930 and had to deal with this question.

In answer to the hon. member for Kenora-Rainy River (Mr. Heenan) who has just left the chamber I should like to mention a few of the ways in which that great debt has been multiplied. First let me mention the most important thing connected with the management of a railway, the operating ratio. The operating ratio of the Canadian National Railways in 1923 stood at 91·8, and in 1931, at the end of that reckless piracy—shall I say?—which took place, it stood at 99·8. Yet the hon. member for Kenora-Rainy River says that the roads were economically and wisely run! During that same period the Canadian Pacific Railway reduced its operating ratio from 80·3 to 80. In other words, while the operating ratio of the Canadian National increased from 91 to practically 100, the operating ratio of the Canadian Pacific dropped from about 81 to 80.

There was about the same difference in branch line construction. In 1923 the cost per mile of branch line construction on the Canadian National was $40,000 odd, and in 1931 that had grown to $51,000 odd. In the meantime the Canadian Pacific had reduced their cost per mile of branch line construction from $35,000 to $30,000. The difference in that per mileage cost meant an increased $800 of taxes per mile upon the whole of our national system which was constructed in that way.

I could also take you into the hotel system. During that same period there was a deficit of over $2,000,000 odd in the operation of

the hotels of the Canadian National system, while the Canadian Pacific had a profit on the operation of their hotels of $7,000,000.

I could take you into the steamships on the western coast, or into the cost of the construction of the different hotels that were built by the Canadian National system. For instance, in Saskatoon, a hotel was built with 260 rooms at a cost of $14,000 per room. If hon. gentlemen will read the evidence that was given by Mr. Fairweather and Mr. Ruel, officials of the Canadian National Railways, they will see that these gentlemen said that these hotels should never have been opened because it was impossible for them to pay. In Vancouver, for instance, an hotel costing $11,000,000 was built on the pretext that there was an agreement with the old Canadian National. I put myself on record a year ago that the agreement signed by the late Doctor Reid, when he was Minister of Railways, had been cancelled some fourteen years ago. Yet on a pretext of that sort the Canadian National went into the hotel business in Vancouver.

Mr. MACKENZIE (Vancouver): Who passed the order in council for the construction of the hotel in Vancouver?

Mr. MANION: The Conservative party, for the construction of a hotel costing three and a half millions, not eleven millions.

Mr. McGIBBON: My point is that there was no obligation to build a hotel at all.

Mr. MACKENZIE (Vancouver): Yes there was. You are wrong.

Mr. McGIBBON: I dispute that. It took me a month to get the facts from the Railway department, and I put them on record. If the hon. member will read Mr. Hanna's evidence before the Senate committee he will see that it confirms my statement.

Again, what did Mr. Ruel say when Sir Joseph Flavelle pressed him for an answer regarding the Saskatoon hotel, as to who had demanded it? He replied that he would rather not answer. You know who it was. The same sort of thing took place in Halifax. I say that it is the reckless extravagance that characterized the management of the Canadian National Railways from 1923 to 1931 that has brought the railways into the position they are in to-day. What are we going to do about it? There has been some criticism about having three trustees. I must say that were I in charge of the appointment there would be only one. Napoleon once said he would rather have one second-class general than two firsts. There has to be finality; there has to be a man who can make a decision, make it at once and carry it out. If there is not that decision we always find that as a result a country or a business reaches a crisis.

I do not know where they will get such a man; I fear in that connection there may be some difficulty. However if they do get him it will mean the salvation of the roads—if they can be saved. Of that I am very doubtful. However I am in favour of three rather than five trustees, and should prefer one to three. I believe a provision for only one would add to the efficiency of the management. Although I do not agree with hon. members opposite on many occasions, I agree that this is a negation of responsible government. The fact that I agree with hon. members opposite makes me think that probably I am wrong. I am glad hon. members applaud my remarks. However before they become too enthusiastic I should like them to turn their minds to what I have been saying in the last five or ten minutes. If they read the report of the commission from one end to the other they will find it is permeated with the fear of political influence. I believe the provision for three trustees was put there deliberately to prevent any future parliament or government from doing what was done from 1923 to 1931.

Mr. HANBURY: Why not include 1933?

Mr. MACKENZIE (Vancouver): Bring it up to date.

Mr. McGIBBON: I can bring it up to date, if you like; the nearer we bring it, the worse it becomes.

Let me tell hon. members opposite that in the years from 1923 to 1931 the national railways failed by $168,000,000 to meet the deficits on the interest they owed the public, to say nothing about the amounts owed the government. Just think of it—$168,000,000. They failed by that amount to meet the interest owing to the public and the deficits on the road. Are hon. members opposite proud of those eight years of administration?

Mr. RALSTON: Did the hon. member ever expect the railways to meet the interest due the public?

Mr. McGIBBON: Yes, they should have met the interest due to the public, and they would have, had they not piled up so much debt. Let me tell you, Mr. Speaker, that that is not the worst side of the picture—not by any means. There has never been a day nor an hour for which depreciation on the Canadian National railways has been allowed. Just think of the rolling stock

extending from the Atlantic to the Pacific which stands out under the heavens twenty-four hours each day. Is that rolling stock not depreciating? Do you not think that some day the railways will have to come to parliament and ask for hundreds of millions of dollars for replacements? Had there been proper depreciation allowances, even at the rate of only two per cent, and charged only on the money owed the public, there would have been a fund of $24,000,000 for depreciation. We will have to meet that depreciation some day. Why try to fool ourselves?

Let us for a few moments find out what sort of asset we have in the Canadian National Railways. I have supported the railways ever since the government took them over. However I do not like to fool myself or my people, and I do not like to see the country fooled. At a meeting about a year ago the hon. member for East Algoma (Mr. Nicholson) asked Sir Henry Thornton what would be the correct valuation of the road. The hon. member stated that, as a going concern, the Canadian Pacific Railway was valued at $70,000 per mile, and asked Sir Henry if $60,000 per mile would be a fair valuation for the Canadian National system? Sir Henry replied that he thought it would. Sixty thousand dollars a mile means what? It makes a total sum of about $1,300,000,000, or just about the amount owed the public. I say that the people of Canada have not only lost $1,300,000,000 but that to-day they have not a dollar of assets in the Canadian National Railways. On the contrary they have a liability that for some years has cost Canada $100,000,000 per year.

Much as I would like to, I cannot see any daylight in the future. I cannot see where the present difficulty is going to be remedied. I wish it could be. I had hopes that some solution could be found; I had hoped that when the Duff commission made its report we would have a solution for the greatest problem with which we are faced to-day. But, sir, the solution is not here. To my mind the suggestions offered will not solve the problem. We can close a ticket office here or a ticket office somewhere else, but I suggest that by that means we cannot pull down a yearly deficit of $100,000,000. We cannot do it that way.

Let us analyze the position a little farther. If we read the Duff report we will find the startling statement made that forty-two per cent of the mileage of Canadian railways carries less than five per cent of the ton miles. Just think of that. I ask the business men throughout the length and breadth of Canada if that is not the cause of our railway difficulties. To my mind it is. When we have forty-two per cent of our railway mileage doing less than five per cent of the business, I believe we have reached the root of the trouble.

Mr. NEILL: Would you quote your authority for that?

Mr. McGIBBON: It is right in the Duff report, if you would read it. The information is prepared by Mr. Loree. On the other hand ten per cent of the mileage did fifty per cent of the business.

When we get down and dissect the trouble, the way doctors have to dissect the human body to ascertain the nature of a disease, I think we will find that our difficulty lies where I have just indicated, and that is the problem which the country must solve. The question is: How are we to solve it? I had hoped that we would have a solution. I know that Canada will not stand for an amalgamation of railroads. In my present frame of mind, and so long as I have a vote, I would not vote to take over the Canadian Pacific railway. I believe the president of that line flashed the red light signal of danger on every sideline from Halifax to Vancouver. In all his speeches he has sounded the Macedonian cry for help, and I do not blame him. He is looking after his own property, and I think also that probably he is patriotic enough to help out in connection with other problems of our country. However, as I have stated, I have had enough of public ownership of railways. I would not be a party to selling the Canadian National system to the Canadian Pacific, because we are not building for an hour or a day. It is like an army conquering a country, you are not doing it for ten, twenty, thirty, forty, or fifty years, but for centuries to come. If we can find some way to tide these railways over this depression until we are again on the road to prosperity I think they may both prove very useful and remunerative undertakings.

But what is the solution? I confess honestly that the only one that I can see is joint operation for the present. We had Mr. Ruel on the one hand, a patriotic official, I believe, of the Canadian National, saying that $30,000,000 can be saved, and Mr. Beatty saying that $75,000,000 can be saved, per year. I do not know Mr. Beatty, I never saw him, I do not know any official of the Canadian Pacific and I never owned a share of Canadian Pacific stock in my life. But when I heard some statements in his speeches contradicted I wrote to him and asked him what he meant. I said: The people of this country will not stand for amalgamation in any shape or form. His reply was that what he meant was simply joint management for operating purposes.

You will remember that he said in Winnipeg that he would appoint a joint treasurer and would pay part of the receipts to one company and part to the other. I have gone up and down this country a good deal, I have talked with men in trains and hotels and other places, and what the average man on the street says is: If you can save $75,000,000 by economies it should be saved rather than ask me to pay it out of my pocket. I believe, sir, that for the present, if it is practical, joint operating management offers the best solution, the greatest means of economy that we have before us. I know the house will not agree with that, the press will not agree, probably the public will not agree with me, but I believe they will inside of three years if this depression continues. After all is not that what is going on all over the country? Isn't it going on in business? I have here the report of the Coolidge committee that investigated the railroads in the United States, that is what they advocate. It is what is done in business, it is the commonsense thing to do.

Mr. ILSLEY: They do not advocate amalgamation of all roads.

Mr. McGIBBON: Well, nearly all. I know there is opposition to it, I know the newspapers will criticize me to-morrow, but I want to go on record because I think it is the duty of members of parliament to lead the people of the country not where they want to go but where they ought to go. That is the reason I am making this speech this afternoon. I believe that public opinion is turning rapidly to joint operation as a temporary solution. I think I have made myself clear that I am not for amalgamation. I have said before on the public platforms of Ontario that if you amalgamated these roads you would be moving your capital from Ottawa to Montreal. I am not for that.

One last thought that I want to utter; it is in the interest of labour. Labour I know is fearful of displacement of men. If these two roads could be put upon a better financial operating basis I think the labouring man would be much more certain of steady work than he is to-day. And I am not convinced that that cannot be done. Mr. Beatty says it can. At any rate an attempt should be made. I think the solution probably was suggested the other day in the railway committee of the Senate when these men who are out of jobs said; If you will reduce the running miles per month to 2,000 it will take up all the slack and we will all have a job. I think that should be done during this temporary depression.

In conclusion I would like to say that I am not very much impressed with the objections taken to part III by the head of the Canadian Pacific Railway. If you read the evidence it is plain that six or seven years ago he would have been glad to have a commission of that kind, to have a tribunal to which to appeal to stop the extravagance not only of his road but of the Canadian National. That is in the evidence and it is so plain in the report that you cannot get away from it. If it would have been a good thing in years gone by it may be a good thing in the future. At any rate I think he would stand higher in the estimation of the public if he had said: I will accept this plan even though I do not like it, and we will do the best we can under it for the time being. I think that would have been a better spirit, and probably would have been reflected in a changed attitude on the part of the public, so that in the future he would have found it easier perhaps to get what he wanted.

Mr. PAUL MERCIER (St. Henri): Mr. Speaker, this bill respecting the Canadian National and Canadian Pacific railways is of extremely great importance. Our railway problem is very serious. Having listened to the speech of the Minister of Railways yesterday afternoon, however, it would seem that the Canadian National is even now getting in better shape financially and has ameliorated the situation during the past two years. The Canadian Pacific Railway is evidently in sound health. By part II of the bill cooperation is to be resorted to, so to speak, as a transfusion of blood. Thus it is thought possible to ameliorate the situation of the railways in Canada. The Canadian Pacific Railway is a private corporation, incorporated by a special act of this parliament. It is not and was not obliged to take part in such a project, to respond to such an invitation. The Duff report has recommended cooperation and the Canadian Pacific seems to have lent itself to the idea, although not very enthusiastically. The evidence taken before the railway committee of the Senate, and the discussion in the Senate when the bill came up for third reading, shows how the Canadian National Railways were created by a law passed by our friends to your right, Mr. Speaker. The Canadian National is their adopted son. I remember a few years ago the Liberal party succeeded one year in dressing it up in a very charming way, and when the report was brought to the house our good friend the present Minister of Justice (Mr. Guthrie) said: It is our child, look how it has improved; it is really by our efforts that the

railroad came into existence. I do not know whether he and hon. gentlemen to your right have the same idea to-day. From 1922 to 1930 the Liberal party took great care of that child and did its best to bring it up properly, but they admit that it was a very difficult child to bring up. To-day, due to the depression, that child has gone back to his family, and now the Conservative government which is directing the affairs of the country says that child must be put under a triple interdiction, that it must be provided with three trustees to administer its property. The surprising thing, however, is that these trustees will have no responsibility to the government or to parliament. This is very extraordinary. We admit, with the public in general, that something should be done in the interests of the Canadian National Railways, but do we find a real remedy for the evils of the moment in the bill now before us? If I were to speak frankly I should say that I do not believe we do, but as a member of parliament I will say that I doubt it until further evidence is shown. I am still open to conviction; I am praying for light.

I listened to the Minister of Railways yesterday, and in a way he promised the house that no amalgamation of the two railways is in prospect. I take his word as a responsible minister of the crown. Time will tell, but I hope that if ever the question of amalgamation does come forward again it will be dealt with by means of a bill which will be brought before both houses of parliament for consideration. Reading the present bill very carefully I do not see any words indicating that amalgamation will be brought about, but in some of the sections I am afraid I see a nigger in the woodpile. The trustees may say, "Well, we have done our best to help the road but we have had no success." Then if one of the trustees says amalgamation must come, the chairman—the czar—may say, "Let us vote for amalgamation," and that body, having no responsibility to the government or to parliament, may make the deal of their own volition. Then the question will come before this house only if some readjustment is necessary, while any questions of law and jurisdiction will go to the Supreme Court of Canada.

If there is to be no amalgamation—and I take the word of a minister of the crown in this regard—it seems to me that the government has listened to public opinion on that point, and I think the bill will pass this house. Amalgamation was the great fear not only of the railway employees but of the public at large; for the moment this anxiety is dissipated, and we hope it will remain so in the best interests of the national railways and of the public generally, because we must admit that amalgamation is never a good thing. I should prefer to have five railways doing business in Canada rather than the two present roads combined under one management. It was through diversity of industry that industry prospered; through diversified industries the citizens of Canada derived profit.

I will not dwell on the past administration of the Canadian National; I do not see that it has any bearing on the question now before the house, but I think we all admit that decreased tonnage has been the great trouble with our railways. Does anyone think that if tonnage had continued to increase throughout Canada during the period of the depression the railways would have been in their present condition? Sufficient money would have been collected not only to maintain the railway in good shape but to build up a reserve as well, and the railway system would have been our biggest asset. Now we must face the facts and prepare not only for this but for future generations.

I have listened with interest to hon. gentlemen who have preceded me in this debate; I think almost all the important points of this bill have been dealt with.

I have not been convinced that this bill will provide a solution of our railway problem even though it does provide for the forced cooperation of the Canadian Pacific Railway. I should like to draw the attention of hon. members to section 4, which reads:

> The governor in council may vacate all nominations heretofore made to the board of directors of the national company pursuant to section 3 of the national act, and may appoint in the place and stead of and in succession to the incorporators of that company three trustees, whose powers, rights, privileges, immunities, duties, responsibilities and restrictions shall be as in and by this act provided.

Under that section the governor in council may appoint three trustees to act in the interests of the national railways. I do not think that such an appointment will be acceptable because the trustees will not be responsible to parliament. It will not be for the benefit of the people of Canada as a whole.

It may be said that I am speaking for the people in my own constituency of St. Henri, and I am. There are three thousand railway men in my constituency, employed by both the large railroads. Many of these men are now out of work. In the past they were able to earn good salaries, but because of the depression and decreased savings they have been forced to leave the better wards and come to live in St. Henri, which is a workingman's ward. In their interests I think the

trustees should number five instead of three. These trustees will have great responsibility, and three men could hardly be expected to have the necessary insight into the various conditions in Canada. I do not want my fellow members to think that I am contending that I can solve this great problem, I am only making a sincere effort to help. I was glad to hear the minister say that this is a non-partisan measure, and if that is true it is quite possible that useful suggestions will be made from all parts of the house.

I think there should be one trustee appointed to represent the maritime provinces. Those provinces have their own privileges and rights; they have their own Intercolonial railway to take care of. I think if that railway was put under separate administration it would be in the best interests of that part of the country. Another trustee should be appointed from the western provinces. This man would have a special knowledge of the problems of wheat transportation. If additional markets had been found for our wheat, our railways would have been in much better condition to-day. There should be two trustees appointed from the central provinces to represent industry, agriculture and the centres of colonization. A fifth trustee should be appointed to represent the employees of the railroads. If the house should agree to this suggestion, not because it is made by the hon. member for St. Henri but because it has been suggested by many of my colleagues, I think it would be of great benefit to Canada. With only three trustees, one representing the Canadian National Railways, the other the Canadian Pacific Railway and the third as chairman, we can see what will happen. The chairman is bound to incline either to the Canadian National or to the Canadian Pacific. One trustee cannot come from the nine provinces, he must have been born in one province and educated in one city and his experience will be confined to one part of Canada. It would be practically impossible to find a man with sufficient mentality to deal with the problems arising all over Canada. If one trustee is appointed to represent the maritimes, one to represent the western provinces, two to represent the central provinces and one to represent labour, I think it would be shown that all parts of the country had been considered. By giving representation to our railway employees, the government will satisfy them. In any industry there are two parties, employers and employees, and when they are working together in cooperation, success follows. The employees of both the Canadian National and the Canadian Pacific have always worked in the interest of those railways, and to-day, on account of circumstances many who have served those companies for twenty-two years are out of work. That is not their fault; it is not the fault of the companies; it is due to circumstances, the hard times through which Canada is passing. Nevertheless those employees are waiting for better times to take back their trains, to return to work. They are respectable, peaceable unemployed men, respecting Canadian law, and they are only waiting to be represented on the board of trustees such as is suggested in this bill. The personnel of the board should be five instead of three, because, if there are only three, I say sincerely that I see no hope for a labour man or a railway employee, a man from the bottom of the ladder, knowing something about railway work, to be appointed to such a board. Such an appointment would put hope into the unemployed railroaders; it would put them later on in a position, should any dispute arise, of being better understood and of having their grievances properly judged by a man who knows them, who understands their work and who is practical enough to show them all the consideration they deserve. Such an appointee would have their respect even should a decision be rendered against them.

We suggest that part III of this bill, headed "Arbitration in case of disagreement," section 17, on page 10, is also not acceptable. It does not give satisfaction even to the Canadian National. Moreover it is an imposition of tribunals and procedures to be followed, upon the Canadian Pacific, in regard to the settlement of disputes that may arise between the two railways, when a decision is rendered in favour of one party, the other resisting, and also when a common effort between the two railways is required. I would suggest that the tribunal be the one now actually existing in Canada, the Board of Railway Commissioners. This board has been established for a long time; it has had much experience; it has a good standing in the land, and its work is appreciated even by foreign countries. An amendment to that effect should be substituted in part III, section 17, of this bill.

After having read this bill again and again, let me say frankly that it offers little encouragement not only as regards economies in the Canadian National, but for the future. As to the individual prosperity of our railroads, the principle of compulsory cooperation implied in the bill is very dangerous. I cooperate with a friend to establish a business,

and if profit and success come, that follows in the course of things. But if I force somebody to cooperate with me, will he work very strongly to make a success of the enterprise? Not at all. The Canadian Pacific apparently is not willing to enter the proposed scheme; it is forced into it by this bill. It is often said that a corporation has no soul; but corporations have interests; they are interested in earning profits not only for salaries, but for dividends for those who invest money in big companies. The Canadian Pacific is a great company which has always fulfilled its pledges and by its transactions has done honour to Canada. I am not a Canadian Pacific man; I have no interest whatever in that company, but I admire that institution and I also admire the Canadian National Railways, the property of the state. I am proud of our national railways; I am also proud of the Canadian Pacific as a private company. The Canadian Pacific has too much of its own interests in view to cooperate to make a success of the proposed measure; it is a private corporation; it is in business for private gain, and in such a case how is that business cared for? What happens in small businesses in the ordinary affairs of life will also occur in big enterprises. The Canadian Pacific is not obliged at its own expense to cooperate with another railway, and if it does so, that will be at the expense of the Canadian National Railways. This is my sincere conviction. I think it would be more profitable for the Canadian people to obtain a complete reorganization of the Canadian National Railways under the control of the Canadian parliament. We have been elected for some purpose. The Canadian National Railways are our inheritance to-day, and if we care for the property of the state, we must preserve it intact. We have no right by camouflaged means to give it away.

Yesterday the Minister of Railways (Mr. Manion), when addressing the house, offered congratulations to the temporary president, officers and directors of the Canadian National Railways for the success they have achieved in recent months. Then why not continue to follow along the present lines, which according to the Minister of Railways will lead us into paradise? It will be for the good not only of the Canadian National Railways but of the Canadian Pacific Railway as well. The Canadian Pacific is a privately owned company, with its own lines and its own administration, and it has no immediate interest in being dragged into the scheme proposed under this bill. It has its own business to conduct, and is not peering into the affairs of its neighbour or looking for amalgamation. It has a big enough load of its own to carry just now.

In closing, Mr. Speaker, while I am not a railway man, I have read the bill and I have talked with the electors of my constituency and have obtained some slight knowledge in that way of railway matters. Some of them have suffered very much by reason of the condition on the railways. I know that they do not want the amalgamation of these two railways.

I hope that many other members of this house will take part in this debate and will bring light not only to myself but to other members. I am looking to the government as a beacon of light, though it is not giving forth much light at the present time.

There is one feature which I would emphasize and that is that the trustees and the boards to be appointed under this act will be responsible neither to the government nor to parliament. We are really pawning our railways and receiving in exchange a ticket, and when we try to get them back we shall find that the time limit has expired and the railways have gone. I shall listen to hon. members to try to learn more about this bill with the hope that later on I shall be in a position to vote in the best interests not only of the Canadian National Railways, which is our own property, but of the Canadian people as a whole.

Mr. G. R. GEARY (South Toronto): Mr. Speaker, the motion before the house involves a consideration of the principles of the bill which was so ably and so lucidly presented to the house by the Minister of Railways (Mr. Manion). The debate thus far, with the exception perhaps of a slight excursion into the realm of politics by the hon. member for West Lambton (Mr. Gray) and some of those incorrigibles who approved his stand, has proceeded upon the high plane which was set by the minister, and I propose briefly to discuss the bill in that spirit.

The bill proceeds upon three principles: First, the naming of trustees in the place and stead of the incorporators of the Canadian National Railways; second, the laying of a statutory duty to cooperate upon the two railways; and third, the providing of a sanction for the performance of that duty. Generally speaking, I find that these principles commend themselves to the house. It is true that some members have somewhat doubtfully given their adherence to them, but I have not been able to find myself sharing in the least in the doubt that has been ex-

pressed as to this bill. In the first place the bill comes to us as the result of a prolonged and careful study of the whole railway transportation problem in the Dominion of Canada by a body of men highly qualified in that regard; and secondly, it comes to us after a searching and critical study by the other house, where it received unanimous approval.

The more I hear of and study the provisions of this bill, the more convinced I am that we should adopt it here. It is not to be expected that we can find an immediate and complete cure for the railway ills of this country. It is hardly to be hoped that by some Midas-like touch we can put the railways in the category of paying institutions. But what this bill does provide is a pathway along which these two great railway systems can progress to a position as favourable as can be under conditions as they exist in this country.

The only alternative which has been seriously suggested is that of amalgamation, and fears have been expressed that the deletion of a certain clause from the bill in another place rather favours the possibility of amalgamation. The Duff commission has found in terms against amalgamation, and with that finding of the commission I wholeheartedly agree. Having declared against amalgamation, the commission proceeded to set out certain measures which should be carried into the bill, which measures were designed to effect a cure so far as possible of the problem to which the commission's attention was directed. Then the draftsman, so I take it, having seen in the commission's report the repudiation of amalgamation, and desiring in all probability to embody in his draft bill all the recommendations of the report, saw fit to insert a clause providing against amalgamation. In my humble opinion that was entirely unnecessary. The whole bill proceeds upon the assumption that the two railway companies shall continue as separate entities operating in this country. If that clause was designed to prevent parliament at some future time from discussing amalgamation, the clause was inoperative. On the other hand, if it was designed to prevent the trustees named in the bill from carrying into effect amalgamation under the provisions of the bill, then obviously it was unnecessary. It does not seem to me to be a matter about which we need concern ourselves very greatly at the moment. If it is bad draftsmanship, as I think it is, to insert in a bill clauses or even words which are unnecessary, still I am quite content to abide by the opinion of the law officers of the crown; if they believe such a provision is useful or necessary I have no doubt that the government will offer no objection to the inclusion of such a provision. Certainly in his presentation it has been made amply clear by the minister that this bill is not in any way designed to afford an opportunity for the amalgamation of the two roads. In my view it would be a very serious situation for this country to find itself with a railway monopoly, public or private. I cannot contemplate such a situation with equanimity, though if there had to be one my preference would not be a private but a public monopoly. But with any monopoly competition would not exist, and competition is the spur and the incentive to efficiency and economy. Without it any railway would soon sink to a low level of service. And besides, a railway monopoly in this country would establish a tremendous force that could not but be dangerous to the good of the country.

There are two criticisms directed against the bill, one that it lends itself to amalgamation and the other that too much power is given to certain officials. May I deal with them categorically. As to the first I think probably I need add nothing to what I have said, because my criticism as to the clause concerning amalgamation carries with it my answer to the first of the objections I have mentioned. But concerning the allegation that the powers placed in the hands of certain officials are too great, I should like to direct the attention of the house to certain clauses in the bill. Section 9, subsection 1, provides:

> When the governor in council shall proclaim in the Canada Gazette that he has vacated all nominations to the board of directors of the National company and has appointed trustees as by section 4 of this act provided the said board shall cease to exist and, by force of this act and without more, the direction and control of the National company and its undertakings shall be vested, subject to the provisions of this act, in the trustees.

There is nothing extraordinary in that provision. If a government is to carry on the operation of a railway system, a transportation system on the streets or an electric system it certainly should not attempt to do so by the day to day vote of members of parliament, but rather by placing control and operation in the hands of a commission appointed for that purpose. Subsection 2 states:

> The trustees shall—subject to the provisions of this act, have and exercise all the powers —and be subject to all the duties—which now appertain to the board of directors of the National company.

Except in one or two particulars to which reference has already been made, nominally these trustees have no greater powers than

have the incorporators, or, as they are called, the directors of the Canadian National Railways. They succeed to the same powers.

Then, in part II the real crux of the situation, which has been debated in this house, appears. I believe we have the meat of that part relating to cooperation when we turn to the part of section 16 appearing at the top of page 9 in the bill which states that the provisions as to the railway companies are—

For the purposes of effecting economies and providing for more remunerative operation. . . .

That is the sum and substance of the purpose behind part II of the bill. For the purpose of effecting economies and providing for more remunerative operation of the railway lines certain action is to be taken. The railways are directed forthwith to cooperate, and to use every possible means to settle their disputes. But if in the course of attempting to cooperate there rises a dispute, then and then only does part III of the bill come into effect and the arbitral tribunal have jurisdiction. If we turn to the interpretation clause of the bill we will find that in clause 3 subsection (b) the word "dispute" is defined as the failure to agree concerning any measure in connection with which under part II of the bill they are authorized to agree. Therefore when we hear the complaint that too much power is vested in the tribunal under the bill, one must remember that the whole jurisdiction is confined to disputes as defined in the interpretation clause of the bill, and as further elaborated in part II.

I believe it was the hon. member for Quebec South (Mr. Power) who a few days ago suggested that part III had not enough teeth in it. I am inclined to agree that it is not by any manner of means a drastic provision. What does it provide? The most ordinary thing in the world. It provides that if two individuals—in this case two railway systems—fail to agree there shall be an arbitration. I venture to say that both the Canadian Pacific Railway and the Canadian National Railways have time and again settled their disputes by arbitration, and always on the basis described in part III. That is, each party to the arbitration would nominate an arbitrator, and the two parties or a court would nominate the umpire or the third arbitrator. And so the decision almost invariably in these matters resides in the third arbitrator.

In the present instance all we have done is to provide that the third arbitrator shall be a fixed person, and shall be the chairman of the Board of Railway Commissioners. We have had good chairmen of that commission, and with the added responsibility of the position I do not believe any government would contemplate appointing to the position any person who would not meet with the honest approval of all parts of the community. The job that is being created is a big one, one of the greatest in Canada. I see no difference between the sort of arbitration described in the bill and the arbitration into which on their own accord the railways have entered on many former occasions. There is of course this marked difference in initiative, the reference to arbitration here is compulsory.

It will be observed, further, that in part III there is no original jurisdiction in the chairman of the railway board. That follows from what I said to the effect that his jurisdiction is confined to disputes arising in part II. That is, he cannot take upon himself the duty of settling any matter which he deems should be settled in the interests of the companies or the country. He must wait until the two railways have failed to agree. The hon. member who has just spoken (Mr. Mercier, St. Henri), has indicated that in his view companies which are compelled to cooperate will not do so successfully. I agree that in order to work out the present difficulties to the best advantage there must be good will and good intention. But, more than that, in this particular instance we are not confined to good will or good intentions. The whole necessity of the railway companies, both the Canadian Pacific and the Canadian National, lies in some sort of cooperation. They must make ends meet, and they must discontinue wasteful competition and the maintenance of services which are not paying.

Having that impelling force behind them I venture to say that they will seize on the provisions contained in this bill, and will do their best to cooperate. If one feels that it is advancing a proposition to which the other should but does not agree, it will then, and then only, appeal to the arbitral tribunal. At the moment there come to my mind two or three instances which may indicate more clearly my meaning. Let us consider the Toronto and Montreal terminals. In connection with the Toronto terminal the railway companies managed to agree, with the result that there was a tremendous saving in expense. On the other hand in Montreal the railways could not agree, although all hon. members know that attempts were made to

effect an agreement. However, either for good reason or through stubbornness—I am not suggesting which—the fact is that they failed to agree. There was a situation which could have been cured to the advantage of the whole country if we had had some sort of jurisdiction to provide a settlement of the dispute.

My hon. friend the member for West Lambton (Mr. Gray) submits the proposition that this large power should not be entrusted to a tribunal, arbitral as it is called, but that we should in some way run it by a department of the government. Can anyone really think that that would be a proper thing to do—that we expose this vast enterprise to all sorts of political interference and "community pressure," I think were the words used in the Duff report? We have had experience of it, in this very debate we have heard the plea of one part of the country against the other.

Certainly in the carrying out of this scheme there will be hurt to someone. Neither company can have its own way entirely. But if there is one thing that the people of the country have seized on and taken into their serious consideration it is what we call the railway problem, the tremendous amount of money that we are losing in the conduct of railways. I am only surprised that with that heavy drain on our resources the credit of this country has stood up as well as it has; it is a tribute to the soundness of the country that we have been able to carry such a load so well. But the people are interested in this thing more than in any other concrete fact of public affairs to-day. We must have some action in the matter, we cannot allow to go on the cut-throat and profitless competition that is in part at least responsible for the state in which we find ourselves to-day. It seems to me we would be failing in our duty as representatives if we did not take hold of this thing with a firm hand; and with the consideration that has been given to this particular plan in the other house, the prolonged and careful study to which I referred, and commending itself as it does also to our good judgment, we should be derelict in our duty if we did not grasp this opportunity to effect a remedy which I feel fully convinced will in time cure our difficulties in regard to railways.

So it seems to me this bill is deserving of support. There will be minor matters to be dealt with in committee, such as the number of trustees and other matters that have been brought up, but these are incidental to the principle. But I do hope there will be no question about the bill getting second reading. My own hope is that this bill will pass very much in the form in which it is at the moment, and I believe that experience will fulfil its promise.

Mr. HUMPHREY MITCHELL (East Hamilton): Will you call it six o'clock, Mr. Speaker?

Mr. MANION: There is still fifteen minutes. I do not wish to be discourteous to my hon. friend but I am afraid it is a little early. The Prime Minister expects the discussion to go on a little longer. Something may be said as to the business to-morrow. Therefore I should like the hon. member to go on a few minutes.

Mr. MITCHELL: Mr. Speaker, this afternoon I will speak of some features of the labour viewpoint concerning the passage of this measure. I listened with keen attention to the remarks of the hon. member for Muskoka-Ontario (Mr. McGibbon) and I hope he does not adopt the same attitude at the bedside of his patients as he adopted towards what might happen in Canada in the near future. At the introduction of the measure yesterday I was pleased by the position taken by the Minister of Railways. I was glad to hear him make the observation that while the government were in agreement on the principles of the bill they would consider minor amendments to it. It is my intention, if it is not done in other sections of the house, to move some minor amendments when the bill reaches the committee stage.

The minister said that conditions existing in this country were world wide and that it would require world wide action to deal with them. I cannot entirely agree. I believe we will have to move on a national basis first to meet some of the serious problems arising out of conditions in this country. I think the President of the United States put it well in his inaugural address when he said:

> Our international trade relations, though vastly important, are in point of time and necessity secondary to the establishment of a sound national economy. I favour as a practical policy the putting of first things first. I shall spare no effort to restore world trade by international economic readjustment, but the emergency at home cannot wait on that accomplishment.

The driving force that brought into being the commission responsible, through the Senate, for this bill was in my judgment produced largely by national conditions. I think the railway problem is just a small part of a much larger problem, and I believe that

the solution of the railway problem will come when you get men and women to work again in industry, and the prices of agricultural products on a fair and equitable basis in conformity with the debt obligations of the various governments of the country and those that have to be met in a private way by the agriculturists themselves. I believe this problem arises from our failure to weld production and consumption together. I believe that we have got to work out a technique whereby we can put a suit of clothes on a man who is out of work by putting him to work so that he can earn it. In my judgment there is not the faintest chance of any upturn until that very practical problem is solved. Of course that in effect means that you have got to stop deflation.

I would direct attention to the implications of this bill as to policies in existence now and the effect they have had on railroad workers in the running and mechanical trades. I was unable to get up-to-date figures, but up to 1931 I find there had been a reduction of approximately 33,000 in the number of men employed by the railroads of this country. I think it is fair to say that this number might be doubled. I believe the desire for cooperation, or rationalization, which is the correct word for it, has increased to such an extent that the number laid off has grown considerably since 1931, when these figures were compiled. In that connection I should like to point out a very simple thing which affects the economy of this country. Every railroad worker represents a fraction of the market of the agriculturist. When he is working he eats more, wears more and spends more, and by these functions he puts at work more men in other industries and creates a market in the community.

That is one of the things we are apt to forget; we often overlook the human aspect of this question. We are apt to forget that these men have made the greatest contribution to the transportation industry of this country that it is possible to make; they have given their lives to that industry. I believe that should be a prior consideration in meeting the transportation problem; I think it should take precedence even over the payment of interest on the bonds of the two railway corporations in Canada. It is hard for us to realize the position in which these men are placed after twenty or thirty years of service with the railroads. When a man reaches the age of forty-five after spending his life in one line of work it becomes increasingly difficult for him to adjust himself to another walk of life. I have often said, and I believe the observation can be made with some measure of truth, that very few men and women over the age of forty will ever enter industry again. When you take into consideration the enormous waiting list of boys and girls looking for their first opportunity to be gainfully employed, to settle down and take their place in the normal life of this country you will see the truth in that statement.

These men, I say, have given their all to the transportation industry of this country. That is something which cannot be lightly dismissed either by men in professions, in business or—and I say this to be ready for any criticism which may be offered—in agriculture. I am a tradesman. I came straight from the workshop to the House of Commons, and I suppose that is where I will go when I am through here. There is this to be said about it, however, taking the large view: The agriculturist has some stability of tenure. I am not unmindful of the problems with which he is confronted. I am not unmindful of the very real relationship of the problems facing the men and women engaged in industry and those facing the men and women engaged in agriculture. I make these few observations because this house— and I say this in a kindly way—is largely made up of professional and business men and those engaged in agriculture.

We have heard a great deal about the hilarious days of 1928 and 1929. I appreciate the fact that possibly at that time the railroads were being built for millionaires instead of average human beings, but I would also say that I do not think any of that responsibility can be placed on the shoulders of those railroad workers or of the men and women engaged in industry. They were not responsible for the debacle that took place in 1929 and which has lasted to this day; they were not consulted about it. I think if you look up the figures you will find that the average wage earned in industry during that prosperous period was about $1,200. I do not think the average wage paid in the railroad industry was a great deal more. The hon. member for Kenora-Rainy River (Mr. Heenan) said it was $1,400, and I must pay that hon. gentleman the compliment of knowing perhaps more about the railroad industry than any man in this house, from his practical experience. His knowledge may not touch the legal point of view so much, but the men and women in this dominon are not greatly concerned about legal definitions or interpreta-

tions. These railroad men are most concerned about an opportunity to earn a living, to protect their homes, to educate their children and take their place in the transportation life of this country, the only calling in which they have any practical experience.

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

Thursday, March 9, 1933

The house met at three o'clock.

UNEMPLOYMENT RELIEF

Mr. GORDON: I desire to lay on the table two orders in council passed pursuant to the relief legislation.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*NEW WESTMINSTER ELEVATOR

Mr. REID:

1. What firm or company has been granted a lease of the New Westminster harbour elevator on the Fraser river?

2. Is Mr. Sam McClay, chairman of the Vancouver harbour commissioners, financially interested or connected with the firm or company who have been given lease of this elevator?

3. What is the amount or amounts to be paid under any agreement or arrangement by those operating the elevator for the use of the elevator: (a) how and when are the payments to be made; and (b) for how long a term is the agreement made?

4. Have any cash, bonds or cheques been paid up to date by those now operating the elevator, and if so, what amounts either in cash, bonds or cheques have been paid up to date?

5. What amount of wheat has been placed in the elevator, and what has been the total amount of wheat shipped out of the elevator since it was leased?

Mr. BENNETT: As regards this question, this government is not in a position any more than any member of the house to ascertain the information asked for in the second part of this question:

Is Mr. Sam McClay, chairman of the Vancouver harbour commissioners, financially interested or connected with the firm or company who have been given lease of this elevator?

There are also certain other questions over which this government obviously has no more control than has any private member of the house or any citizen of the country. I would ask that the question be drawn in such form that the government can deal with it.

Mr. SPEAKER: This question will be withdrawn for amendment.

RURAL MAIL BOXES

Mr. POULIOT:

1. On the following dates: January 1, 1931; July 1, 1931; January 1, 1932; July 1, 1932; January 1, 1933; March 1, 1933, did the Post Office Department have rural mail boxes in storage?

2. If so, how many on each of the above mentioned dates?

Mr. SAUVE:

1. Yes.

2. January 1, 1931, 23,002; July 1, 1931, 20,088; January 1, 1932, 18,294; July 1, 1932, 25,760; January 1, 1933, 25,638; March 1, 1933, 25,412.

Mr. POULIOT:

1. From August 1, 1930, to March 1, 1933, did the Post Office Department purchase rural mail boxes?

2. If so, what is: (a) the name; (b) the previous occupation; (c) the address of the party or parties to whom the order or orders were given; (d) what is the total number of new rural mail boxes which have been ordered; (e) what was the price of each one; (f) were there any rural mail boxes in storage on the date or dates when such order or orders were given; (g) if so, how many each time?

Mr. SAUVE:

1. Yes.

2. (a) Amedee Lesieur; (b) manufacturer's agent; (c) Montreal, P.Q.; (d) 10,000; (e) $2.75 each, plus sales tax, f.o.b. Montreal; (f) yes; (g) 18,294 stored as follows: Vancouver, 720; Edmonton, 1,125; Calgary, 3,471; Moose Jaw, 1,223; Saskatoon, 1,990; Winnipeg, 488; London, 1,741; Toronto, 4,624; North Bay, 11; Ottawa, 1,501; Montreal, 1,108; Quebec, 141; Moncton, 30; Saint John, 40; Halifax, 34; Charlottetown, 47.

RURAL MAIL ROUTES

Mr. POULIOT:

1. From August 1, 1930, to March 1, 1933, did the Post Office Department sign contracts with mail carriers on new rural mail routes?

2. If so: (a) how many; (b) what is the total distance covered by the said mail carriers; (c) what is the total number of the new boxes on the said new rural mail routes?

Mr. SAUVE:

1. Yes.

2. (a) 155; (b) 3,275 miles; (c) 5,546.

GILLESPIE PORTAGE AND ANDOVER, N.B., CUSTOMS HOUSES

Mr. VENIOT:

1. What was the contract price of the customs house erected on the boundary line at Gillespie settlement, Victoria county, New Brunswick, and actual cost of same?
2. What was the contract price of the customs house erected on the boundary line between Andover, New Brunswick, and Fort Fairfield, Maine, and actual cost of same?
3. To whom were the contracts awarded?

Mr. RYCKMAN:

1. Contract price, $4,550; amount paid, $4,835. Two extras were awarded to the contractor: (a) rear addition to main building, 8 feet by 20 feet, $200; (b) additional excavation, foundation wall, sink and cesspit, $85.
2. Contract price, $4,457; amount paid, $4,457.
3. The contract at Gillespie portage was awarded to Mr. G. F. Smith and completed by his widow as administratrix.

The contract at Andover was awarded to Mr. Percy Britton.

QUESTION PASSED AS ORDER FOR RETURN

COUNTY AND DISTRICT COURT JUDGES

Mr. SHAVER:

1. What county court judges and district court judges reside without their respective court districts, and what are their names and respective court districts?
2. Is an additional travelling or per diem allowance made to such judges by reason of their so residing without their respective court districts?
3. If so, what is the basis of such allowance?
4. By reason of such non-residence within their respective court districts, what additional amounts have actually been paid by the federal government to each of such judges, and in what years were such amounts so paid since the year 1927?

INQUIRY FOR RETURN

RELIEF FOR DISTRICT 18, ALBERTA

On the orders of the day:

Mr. E. J. GARLAND (Bow River): On February 16 last an order of the house was passed in connection with a question asked respecting the steps taken by the government to relieve distress in the coal mining area known as district 18. When will the return be tabled?

Right Hon. R. B. BENNETT (Prime Minister): Recently so many returns, some of which are very voluminous, have been asked for, that they will just have to take their turn. They will be completed as quickly as possible. Every department is taxed to the uttermost.

[Mr. Sauvé.]

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

The house resumed from Wednesday, March 8, consideration of the motion of Hon. R. J. Manion for the second reading of Bill No. 37, respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific railway system, and for other purposes.

Mr. HUMPHREY MITCHELL (East Hamilton): Mr. Speaker, during the course of my remarks of yesterday in connection with the bill before the house, I pointed out that from 1929 to 1931 there had been a reduction of approximately 33,000 in the employees of the railroads of this country. This is not the only sacrifice that the transportation workers have made in connection with the present depression and the cooperative efforts that have already taken place on the part of the two railroads. We find that those employees have also accepted a considerable reduction in their hours and days of labour, and further, that they have taken a reduction in wages. This bill will, of course, further intensify the laying off and the possibility of a further reduction in the working days and hours of the men involved. We have come to the conclusion through a very practical experience that the individuals who go to make up the national life of this country are more important as consumers than as producers. It is not so very long ago that the whole drive was towards greater production. The cry was: Produce more and our problems will disappear. I think it will be agreed in view of the conditions in which we now find ourselves that that analysis was directly opposed to the forces at work in connection with the enormous productive capacity of the nation.

Rationalization both in the railways and in industry generally, unless its direct effect is to produce more employment opportunities for the men and women of this country, is not sound and should not take place in the economic structure and government of industry, where some people think it rightly belongs. In view of the very optimistic statements that were made by the Minister of Railways (Mr. Manion) in introducing this measure, more particularly that prosperity was in the offing, I am of the opinion that the tendencies towards consolidation should be slowed up. We should pause a while in the consolidation of our railway system lest we create a more intensified unemployment problem.

Coming to the question of amalgamation, I believe that there is still a great body of opinion in this country that thinks the real intent of this bill is amalgamation. I was glad to hear the minister say that such was not the case, but I was sorry to hear him and

also the Prime Minister say that it was surplus language to include the section which was deleted from the original bill in the Senate reading:

> But nothing herein shall be taken to authorize any amalgamation of any National company with any Pacific company.

I think we have found that the laws of this country and possibly of every other country do not always work out as they were intended to, that the interpretation placed upon the legal phraseology after the passing of a law is quite often in direct conflict with the original intent of the lawmakers. I believe it would be well, Mr. Speaker, if that section were reintroduced into the bill so that the people of this country would have absolute confidence in the sincerity of the desire of hon. members of this house that this bill has absolutely no intent at this time, at all events of amalgamating the railroads of this country. I believe that it would allay the uneasiness in the public mind and definitely show the intent of this bill in regard to that question.

Coming to the board of trustees, the bill provides that a board of three shall be appointed. I should like to quote briefly from the observations contained in the memorandum of comments and recommendations on behalf of the railroad employees representing 200,000 workers:

> We are particularly concerned about the problems involving the human element of the Canadian National and consider that at least one member of the new board of trustees, regardless of its size, should be especially qualified to counsel in respect to these problems because of his experience and the confidence imposed in him by the railway employees. This policy was recognized in the make-up of the present board of directors of the Canadian National, and also on other important public boards and committees. To this arrangement must be attributed much of the loyalty and enthusiasm, as well as good relations between management and men on the Canadian National of which the royal commission took special cognizance. In the opinion of railway labour it would be a grave mistake to ignore the wholesome lesson taught by this experience and in the face of it now deny labour the opportunity to continue to help in the administration of the government-owned railway system.

I agree with the contention of many hon. members who have spoken before me that it would be in the best interests of the Canadian National Railways if the board of trustees were increased to five. In view of the large reduction in the number of directors of the road, it must be conceded that the experiment we are making is revolutionary. I know of no example in this country either in business or in transportation where the executive driving force has been reduced to so few in number. I believe it would be just as logical for the board of the Canadian National Railways to have a board of the same size as that of the Canadian Pacific Railway, because in that way you get the benefit of the various contacts and the various points of view, and I suppose that the directors are largely appointed for that reason. Of course, I am primarily concerned with the continuance of labour representation on the directorate of the Canadian National Railways. I agree with the Minister of Railways that without that loyal cooperation between the directors and employees and the magnificent esprit de corps displayed it would be practically impossible to run a large enterprise of this character successfully. The time has long since passed when labour should be expected to work merely for a daily wage. The logical course of events, and I believe it is the sound line to pursue, is that the best interests not only of the Canadian National Railways but of the Canadian Pacific Railway as well will be served only when the human point of view of the men and women engaged in that particular industry is reflected in the executive decisions that are made by the directorate. If such representation is not granted to labour on the board, Canadian railway labour will view it as a retrograde step. They anxiously look forward to the government of this country recognizing the soundness of their position, that no break should be made in the precedent which was established by a previous government in giving to the men and women engaged in the railway transportation business of this country representation on the board of directors.

I might add, Mr. Speaker, that I have lost faith in big men. We have heard a lot recently about big men, the so-called supermen in this country. There is one thing for which the working people cannot be blamed; they cannot be blamed for present conditions because they were not consulted. I hope when the board is appointed better discretion will be used by the government than has been used in the appointment of other commissions. I agree with the viewpoint of the hon. member for South Waterloo.

Mr. EULER: North Waterloo.

Mr. MITCHELL: The hon. member will not lose caste by accepting South Waterloo; however I thank him for the correction. In my view the board should be imbued with the spirit of service and a sympathetic inclination toward the soundness of public ownership.

Now I come to the arbitral tribunal. I believe that in this body too much power is

reposed in the hands of a single man, and I am convinced the objections taken are sound. Frankly I do not believe that the tribunal will be used to as great an extent as some people imagine. I recognize the fact that some tribunal is necessary to act as a cushion between the conflicting viewpoints which might arise in connection with the cooperation which, in effect, is the principle behind the bill. I believe it is very necessary that some tribunal should exist to which the directors and management of the Canadian National Railways may go, and to which may be referred those matters upon which there have been expressions of public opinion. I am convinced however that the present Board of Railway Commissioners would have been a more satisfactory tribunal for that purpose, because they have as a background a wealth of information and experience in railroad matters. Further, they would be able to hear the evidence of parties who have not been heard in connection with this bill. The viewpoint of all communities affected should be heard. In fact, if necessary the viewpoint of the working men involved should be heard. For those reasons I believe the tribunal suggested in the bill is unnecessary, and would mean only further expense. I am convinced the work could be more expeditiously carried out by the railway commission, and that that body would be in a position to bring to bear more intelligent and practical opinions upon railway problems.

In conclusion I should like to express my views concerning the Canadian National Railways. I know that in certain sections of the press, and by some of the people of our country there is a tendency to look upon the national railways as the bad boy of public ownership. In this debate I believe it would be well to repeat that the Canadian National Railways were not the result of a deliberate policy of public ownership, but were the outcome of our mad rush to develop Canada. At the same time they offered a profitable investment for railroad promoters. Notwithstanding contrary opinions it is my view that the consolidation of the many roads under the control of the Canadian National Railways represents great progress, and is a monument to the genius for organization of Sir Henry Thornton. I predict I shall live to see the day when he will receive the credit he deserves in connection with this enormous undertaking. After all is said and done, the problems which confront our railroads are the problems confronting every industry and undertaking,—the problem of the elastic dollar. That problem is reflected in the fall in price levels, and in our inability to adjust our debt structure or to cope with the trade situation.

[Mr. Mitchell.]

I am not unmindful of the great contributions the railroads have made to the development of Canada. That development is amply proven by statistics. We find that between the years 1900 and 1929 the mileage increased by 133 per cent, the gross earnings increased by 656 per cent and, incidentally, the external trade of Canada increased by 645 per cent. We cannot predict the future; this bill is based on the experience of the past. I believe that mighty tides are in the making which will carry this civilization either backwards or forwards. I hope we will have sense enough to let our imagination catch the flood of progress. Our railroads have been the arteries of our material development; we should see that our present conditions are only temporary.

Mr. G. B. NICHOLSON (East Algoma): Mr. Speaker, rising to say a few words concerning the bill before us, I find myself in a position very much similar to that described by the hon. member for Muskoka-Ontario (Mr. McGibbon). I cannot say I am supporting the bill because I have not any too much faith in what may arise from it. I do believe however, that if the trustees appointed under the bill are the type of men I should like to see appointed, in a very short time they will find themselves faced with a task so utterly impossible of solution that they will come back to parliament and recommend what parliament should have done when the railroads were consolidated in the first instance.

I do not intend to make more than a passing reference to what took place when the group of railroads which was found on the doorstep of Canada in the years 1916, 1917 and 1918 were brought into one common organization. But in view of statements which have been made concerning public ownership, what it has accomplished, what it may accomplish and all that sort of thing, and particularly in view of statements which have been made that the condition in which Canada has found herself during the last fifteen years with regard to railroads is due to the failure of private ownership, and to the building of railroads for the purpose, as the hon. member who has just taken his seat has said, of providing profitable investments for promoters, I should like to make a very brief statement. The question of public ownership, as it could be applied to the Canadian National Railways, was never held out as an argument either for or against the principle of public ownership. Between the years 1900 and 1910 the parliament of Can-

ada created a railroad situation—the parliament of Canada, not private owners, in any sense. It was the private owners who undertook to develop the railway lines in Canada, induced to do so by the governments of Manitoba, Saskatchewan and Alberta. The owners of the Grand Trunk Railway made an effort to project their line into western Canada and practically came to an arrangement with the Canadian Northern interests by which the Grand Trunk in the east and the Canadian Northern in the west would comprise a transcontinental road. Then a transcontinental road was projected from Moncton to Prince Rupert and no arrangements were made to link up with the Grand Trunk. In this way a vast expenditure was loaded upon the transportation system of this country and the Canadian people are now in the position where they are called upon to carry that load.

In 1918 and 1919 parliament found it necessary to do something for these roads. At that time Canada had a total investment in these railroads of $1,106,237,629.72. There was a large surplus of mileage and if the problem had been taken hold of as it should have been taken hold of, this surplus would have been eliminated and the unnecessary capital which was wasted in the construction of the Transcontinental and the Grand Trunk Pacific would have been written out of the picture and the railroads given a chance to carry on. But that was not done. The expenditure of $300,000,000 would have brought these lines up to the standard of class one railroads, and anyone who wishes to read the debates which took place in the House of Commons during 1918, 1919 and 1920 will find the statements set out quite clearly. Any railroad man looking over the situation as it was then and as it is now will agree with that estimate of the amount required to bring these railroads up to class one condition. If the proper course had been followed that amount would have been sufficient. In the meantime, what have we done? We have raised our total liabilities from $1,100,000,000 to $2,600,000,000 and that is a burden the Canadian people have to bear to-day. People will say: What are you going to do, are you going to scrap portions of these roads after having paid for their construction? They will ask what is to be done with the territories through which they run. I say without hesitation that until the people of Canada acting through this parliament decide to abandon the surplus duplicating lines of the Canadian National Railway and, in many cases, of the Canadian Pacific Railway, the railroad problem of this country will never be solved. I believe that if the right type of trustees are appointed they will find the task so utterly hopeless even with cooperation that they will come back to this house and recommend to be done what we ourselves should have done long ago.

I should like to refer to some of the statements made with regard to the situation that has developed from 1920 on. The hon. member for Kenora-Rainy River (Mr. Heenan), with whom I agree in some of the positions he has taken, stated yesterday that in 1923 Sir Henry Thornton found these railroads in the mud but had brought them up to the level of first class roads and only because of that was it possible to make the economies which have been made in operating expenses during the past year or two. When we look into what Sir Henry Thornton did say with regard to that I think it will be found that he agreed with the statement I made a few moments ago, that the cost of bringing these railroads up to class one standard was not $1,000,000,000 but $300,000,000. In 1922 Sir Henry Thornton made a statement to the Minister of Railways which appears on page 10 of the annual report of that year. After dealing with the general condition of the property, he said:

> On behalf of the board, I would like to state that after inspection of the main arteries of the system, we find that the work undertaken has been well performed, and that the expenditures have been well applied. While the demands for capital expenditure on a system of such extent in a growing country, as the former board stated, are never ending, yet it may now be said that the three groups of lines, until recently the Canadian National Railways, enter the consolidation in excellent physical condition and operating at a high mark of efficiency as regards actual performance or movement of traffic and other factors controllable by management. Apart from certain well known cases of duplication the lines are well located and in exceptional position to successfully perform the transportation demands of the country. The problem as far as the lines covered by the report is concerned, is how sufficient traffic may be developed to carry the overhead and maintenance expenses. As far as transportation costs go, an economical performance is being made. Under these circumstances the margin for improvement with the present light volume of traffic is largely dependent on circumstances beyond the control of the management.
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> On some of the older sections there are still improvements that should be undertaken, but in the main the lines are modern in character and were built or have been brought up to standards which are ahead of actual traffic requirements, except under stress of seasonal movements.

That was the statement made in 1922 by Sir Henry Thornton when he took over control of the property. It has been stated this afternoon as well as previously that some day a monument will be erected to Sir Henry Thornton. It is not my intention to find

fault with Sir Henry, but rather to point out the actual facts. After finding these lines in that condition, what happened? According to the reports, there was spent upon the roads not $300,000,000 but $467,000,000, I presume in improvements, and the total indebtedness put upon the Canadian people in that period was more than $900,000,000. To-day the interest charges, including interest to the public, interest upon the money advanced by the government of Canada and upon which the people of Canada will pay for all time and the interest on account of the Canadian National Steamships, runs to substantially over $100,000,000 a year. Does anyone who knows anything about transportation systems imagine that there is any plan which any group of men can bring about which will enable the Canadian National Railways to pay that $100,000,000 in addition to the operating expenses?

The hon. member for Muskoka-Ontario put his finger upon the pulse of the whole situation when he pointed out yesterday what the Duff commission had learned. Ten per cent of the mileage of these railways earns fifty per cent of the gross earning; forty-two per cent earns five per cent of the gross earning, while the remainder earns forty-five per cent. We are faced with this situation: roughly speaking, we have 16,000 miles of railroad being operated and which earn five per cent of the gross revenue; we have four thousand miles earning fifty per cent of the gross revenue and twenty thousand miles earning forty-five per cent of the revenue. If anyone will suggest that any business whatever can be carried on under a handicap of that kind I say to him at once that it is utterly impossible.

Mr. SPEAKMAN: I should like to ask one question for information. Is the hon. member taking into account in this summing up the contribution made by all the various branch lines to the earnings of the terminals of the system and a small part of the main lines themselves, which could not exist and earn anything without the branch lines?

Mr. NICHOLSON: I was just coming to that. If you analyze the situation in relation to the Canadian National Railways or any other railway system you will find that the branch lines are given credit for the earnings which they contribute to the main line.

Mr. ERNST: Perhaps.

Mr. SPEAKMAN: They should be.

Mr. NICHOLSON: And they are, and in the analysis that has been made by the Duff commission you will find that this is how it is carried out. Each branch line is credited with the earnings originating on that branch line and also with the earnings originating on the main lines and projected to the branch lines. Everyone who knows anything about this country knows that in many cases branch lines have been projected ahead of their time, so to speak, but it is the duplication of main lines, of terminals and of services of every known kind that a railway must maintain if it is to operate which provides the difficulty.

I am sorry my hon. friend from Kenora-Rainy River has left the chamber; I wanted him to hear one or two things I have to say, because I am both in agreement and in disagreement with him. The hon. member referred to the consolidation of terminals and shops and so on and spoke of the effect this would have on the employment of labour. He particularly referred to what are known as back shops. Back shops, Mr. Speaker, are the shops where locomotives are taken when they receive what is known as a general repair, as contrasted to the ordinary running repairs from day to day which are looked after in the roundhouses. If you close the Angus shops of the Canadian Pacific Railway in Montreal and repair all the locomotives of both lines in the Point St. Charles shops of the Canadian National Railways, or vice versa, that will not necessarily mean that the mechanics who repair these locomotives will be dismissed. Not at all. A substantial saving will be made in fuel and in electric power and there will be some saving in supervision, but when these locomotives go in for a class A, a class B or a class C repair it takes the same number of mechanics to repair them in the Point St. Charles shops as it would take if the repairs were made in the Angus shops. The same thing, of course, applies to carshops. Certainly there will be some reduction in staffs, but in the main that reduction will not be in what are called mechanics but rather in the supervisory staffs of both companies. The same thing will apply in the yard service. You cannot switch a thousand cars with the same number of switchmen and switch engines as you can switch five hundred cars, I do not care whether you do it in one yard or in two.

This is the point, Mr. Speaker: Can the taxpayers of this country continue to carry this load, which is always increasing? The interest charge this very year will be increased by $2,500,000 or $3,000,000 by reason of the advances the country must make to cover the deficit and interest charges for 1932, and so on all along the line.

One other point raised by the hon. member for Kenora-Rainy River was in relation to compensation. "What will you do," he said, "with the people located along these lines and with the railroad men who have gone into the terminals and built homes?" I fully agree with him that the country must compensate these men. At the same time I say to him that I can point out a thousand miles of railroad line in the province of Ontario where the rails could be taken up—and the roadbed turned into highways if you like—and every living soul on these lines evacuated, paid their expenses and put into some profitable employment somewhere else, and it will not cost this country more than an amount equal to the cost of maintaining the line for three years, without taking into account the operating cost. Certainly that is what we will have to face. The country must face it sooner or later, and my hon. friend is perfectly right when he says that compensation must be given. If this bill involves the abandonment of terminals or anything of that kind that brings hardship to individuals and groups who have gone there honestly or have been induced to go there, I say at once that the country should compensate them without question.

There is just one other matter to which I wish to refer; that is what my hon. friend said with regard to statements that have been made in relation to the rates of pay and so on received by the running trades on the railways. My hon. friend from Stanstead (Mr. Hackett) referred to that point in his speech, I understand, although I did not hear it. There is a very considerable discussion going on throughout the country among men who do not understand, I think, what is the real situation with regard to the excess earnings of the running trades in railway service. These running trades, and the conditions under which they are employed, are frequently held up as the reason why the railroads are creating deficits instead of earning surpluses, as they should.

Mr. HACKETT: Only one of the reasons.

Mr. NICHOLSON: Well, as one of the reasons. I submit, Mr. Speaker, and I believe I can show, that there is a very great misconception in the minds of a large number of people with regard to the basis upon which these men are employed. The hon. member for Kenora-Rainy River was perfectly right when he said yesterday that these rates have not been fixed arbitrarily; they have been the subject of negotiation. It is true that the standard of living for railway employees has been materially raised during this century; it began to be raised about 1890, in relation to other classes of working men. But this is the situation, and I will take 1928 as the basis for what I have to say, and I will refer to just one class of men employed in the running trades, the locomotive engineers, the highest paid class. In 1928 the basic rate of the locomotive engineer was not as high as the basic rate of a bricklayer, a plasterer, a plumber, an electrician or a carpenter in any city of this country. I challenge anyone to investigate the situation and find this out for himself. It is true, perhaps, that these men earn a day's pay in a few hours, but I am going to suggest this to anyone who has never tried it: Let any hon. member of this house get a pass from the Canadian Pacific Railway to-night—and a pass will be readily made available to him—and get on board one of those 2,300 class locomotives that pulls train number 5 out of here on the main line. Let him get into the most comfortable position that he can find in the cab of that locomotive and ride from here to Chalk River. When he gets there let him say whether he would like to turn right around and come back. I venture to say that he would want to go to bed and stay there all day to-morrow, and I know whereof I speak.

In my opinion, Mr. Speaker, there is no class of labour in this country that is faced with greater responsibility and strain on their nervous and physical systems than the men employed in the running trades on our railroads. They are in control of machines that in themselves are so complicated that if a man had nothing else in the world to do but watch the variety of gauges with which he is faced in order to see that the train is kept moving along safely it would be enough to keep him busy, but that is not all the engineer has to do. I had hoped to have a standard rule book with me here. I should like to submit it to a group of lawyers in this house and find out how long it would take them to understand the rules and see what the man in charge of a train is faced with if he is to keep the passengers and the public safe. I venture to say it would take any man in the house a year thoroughly to understand those rules. It takes those men on the railroads much longer; they are apprenticed in the first place and gradually work up. What are they faced with then? There are all types and forms of signals, and complicated train orders are put into the hands of these men one or two minutes, never longer than that, before the train pulls out; and when a train is running at forty miles an hour we can well imagine what the possibilities are in the way of danger at one of the terminals with a

myriad of lights flashing in the faces of the trainmen. If there is the slightest mistake on their part they are apt to run into the rear end of a passenger train and kill many people. One mistake and the doors of the penitentiary are open waiting for these men, and this because of the laws of the country. Let me give you one illustration. Less than a year ago a fast train of the Canadian Pacific, running between Smiths Falls and Trenton, and travelling at a speed of not less than seventy miles an hour, equipped with a series of lights in front of the locomotive, and an electric headlight, met with an accident through the detachment of this electric headlight. This occurred as the train approached the crossing. The engineer blew the whistle and did everything else he could think of, but an automobile was hit and a man killed. The engineer was arrested and thrown into prison. He was haled before the magistrate and committed for trial and put back into gaol, but his friends bailed him out and after a long period he was acquitted. I mention this to show the conditions with which these men are faced, and I say to you again that in relation to other classes of mechanics their basic rate of pay is no higher than those of bricklayers, plasterers, stonemasons, electricians and plumbers, and in many cases not so high. I make this statement because in my opinion the country should know that what has been said with regard to the trainmen is absolutely without foundation.

One other point I wish to deal with for a moment is the division of mileage. My hon. friend from Muskoka-Ontario referred to it yesterday and indicated what certainly would take place. There is a misapprehension with regard to the division of mileage. I heard in the railway committee statements which were substantially exaggerated. Every man with a heart in his breast sympathizes with the men who are out of employment, but I know that the senior men who are being so much criticized have made very considerable voluntary reductions in the mileage they are taking. Let me refer for example to the shop men. They are entitled to work fifty-four hours a week and to receive pay for fifty-four hours, and voluntarily step by step they have reduced their hours, four hours now, four hours later on, and so on, until they are down to thirty hours a week, and they have done this in order to obviate the necessity of their fellow men being left without any work at all. And let me say that I am speaking in this regard with respect to lines which I know about. I cannot tell you what is taking place throughout the country but I know of many terminals where the mileage rates have been brought down considerably, though not to as low a point as some would suggest as being necessary to afford employment to all. It is however a mistaken conception of what the men are doing to suggest that they are arbitrarily taking all that they can get, their pound of flesh, so to speak, and leaving all the other men out in the cold.

I will conclude as I started. I am supporting this bill, not because of anything I hope will result from it in its present form, but because I believe it is a step in the direction of showing the people of Canada what they are actually faced with, and proposing the only way by which they can get out of the difficulties they are in.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): On the second reading of a bill the house either approves or disapproves of its underlying principle. In an effort to ascertain what the underlying principle of the present measure is one may well have regard for the title itself, and the words of the minister in introducing the bill; but most of all it is essential that one should read very carefully the actual provisions of the bill as submitted; for it is in the text of the bill that its principle must be found. On the bill before us, the title reads:

> An act respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific railway system and for other purposes.

So far as the title is concerned, there is one phase which is quite clear, namely, that the measure is intended to provide for cooperation between the Canadian National Railways and the Canadian Pacific railway system. As regards that object, I am sure that all hon. members in this house will be of one mind: If it is possible in any way to effect economies and to avoid wasteful competition as between these two great railway systems, and if it can be done by act of parliament, I venture to say that to that object there will not be a dissenting voice in the house. However, that is not the whole of the bill. There remains the provision of the bill referred to in the words "respecting the Canadian National Railways" and referred to in the words "for other purposes" which also appear. It is necessary in this connection to examine closely the provisions of this measure that alter those of the original act, and to judge therefrom just what other purposes it is intended to further.

As I have said, the second step in ascertaining exactly the principle underlying the different provisions is to take the statement

made by the minister himself. If I followed the hon. Minister of Railways correctly, he stated that the bill in the main was divided into three parts: that the first relates to the Canadian National Railways; the second has relation to the subject of cooperation between the two systems; and that the third proposes the establishment of an arbitral tribunal. In referring to the first part, which relates to the Canadian National Railways, the minister indicated that the main purpose of the measure was to substitute for the present board of directors of the Canadian National railway system three trustees, and to give to those trustees all the powers which under the old legislation are assigned to the board of directors. I do not know that there will be very much difference between us in this house as to the question of substituting trustees for directors. The question as to how many trustees there should be is, I think, a matter that might well be discussed in debate, but it is a detail. There is too, the method of appointment to be considered. In so far as the bill simply transfers to a board of trustees the powers which the former board of directors had, there will, I imagine, not be much if anything in the way of difference between us. However, it may be necessary to examine very closely whether the present legislation goes further than the previous legislation in the powers it confers upon the trustees, and if so, whither these provisions in all likelihood will lead. The minister I think made it clear that the reason this legislation has been introduced is that the previous legislation, as he thought had given the old board of directors too free a hand, and that they were in a position where they could do just as they pleased with this property, which belongs to the people. If that is the reason for the legislation we shall have to examine carefully to see and to ask ourselves whether the powers that are given the trustees do not go very much further in that direction than did the old legislation.

I must confess that reading the act, I am inclined to think that the powers given to the trustees do go very much further, and that powers are given this board of trustees, in dealing with this property, which far transcend anything that is given the board of directors under the existing legislation. In that regard, may I say that the object of seeking to free the Canadian National railway system from political influence is again one on which we on this side are all in accord, assuming of course that we adequately maintain the extent to which parliament itself must at all times have some say with respect to properties which belong to the people of this country, a responsibility for which parliament as the trustee of the nation itself must have regard. I shall not more than touch upon what I have in mind in that regard until we come to the discussion of the bill in committee.

The point I wish to make at the moment is that, in seeking to remedy one abuse, we must be very careful not to open the door to a possible worse abuse which while not intended, may nevertheless result from the legislation in the form in which it is drafted. I remember in early discussions on the railway situation when the Right Hon. Mr. Fielding was Minister of Finance, in his public addresses he used to emphasize very strongly the fact that as long as the government owned anything and had to supply the wherewithal for the maintenance of that possession, it was impossible for parliament to divest itself of a very considerable measure of political control. In seeking to prevent what I imagine we all desire to prevent, namely, the kind of pressure that comes from local and sectional influence as against that larger control which parliament itself is supposed to exercise with respect to all national affairs, we have to be careful not wholly to abrogate the functions of parliament and its duty. I am not so sure that the bill as drafted does not deprive parliament almost entirely of some of its fundamental rights. I may be wrong in that, and no doubt that point will be made clear in discussion; but if in an effort to avoid political pressure of a local and sectional character upon those who may have to do with the direction and control of the affairs of the national railways, this House of Commons should hand over to an individual or to three individuals all say with regard to a great national property such as the Canadian National Railways is, I would feel that parliament was utterly abrogating its duty.

After all, while business considerations must at all times be uppermost in matters of administration, and never more so with respect to a great government-owned system, than at a time like the present, there are vast national considerations of which account must also be taken, and parliament is here to safeguard them. I was much impressed with what I heard said by an hon. gentleman on the other side, as well as by more than one on this, when he was speaking with respect to the desirability of enlarging the board of trustees so as to have the board include at least one member from the eastern part of Canada, and one from the extreme west. Seeing that Canada is a very large country and that this board is to be located in the city of Montreal where there is pretty strong atmosphere of a character all its own, with respect to financial and

railway matters, I believe it would be advisable to have the board enlarged somewhat so as to ensure the point of view of and considerations affecting those more remote parts of the dominion being constantly before the board in its discussions of matters of policy. In that connection something was said about the rights of the maritimes, about the obligation that was entered into at the time of confederation, the ground upon which the maritime provinces came in. As we all know, the railway situation was then an all-important factor, and I think our friends of the maritime provinces have a perfect right to say that what is provided for in the British North America Act with respect to the railway service which the maritimes shall have, must, in the nature of things, be carefully guarded by this parliament. If we were turning over to three gentlemen or rather to two the power to dispense, may I say, altogether with the Intercolonial railway, without any possible say on the part of this parliament, I would think that would be a very serious and grave mistake, and I am not at all sure that this legislation as drafted would not give to them that power. Similarly, in regard to western Canada, it might well be that the trustees might entertain the view that the Hudson Bay railway was a system that should be discontinued for reasons of economy or other cause, and that question might come to the fore. If a question of that kind, which is of great national significance, should come up for discussion, this House of Commons should have some say before steps could be taken that would violate fundamental policy. I may be wrong, but I am inclined to believe this board of three, of which a majority, if the chairman be one, control, has been given powers wide enough to enable it to cease to operate the whole Hudson Bay railway system—and that is only one example; to cease operations on all the branch lines that have been constructed for purposes of development might be cited as another example; and to do both without even the approval of the governor in council, or parliament having any say whatever.

Much has been said about the legislation following the recommendations of the Duff report. May I say that I have made a comparative examination and I find in this bill two or three important provisions which are not part of the recommendations of the Duff report and that go very much further than does that report. As a matter of fact, where the Duff report has, at least to some extent, safeguarded the rights of parliament, I am inclined to think this bill in more particulars than one has taken away the power of control which the governor in council should have in certain matters, and the power which parliament as a whole should always have. To the extent that such may be the case, I would not wish to support the measure. Therefore I say that in determining the principle of the measure, we must go beyond merely the statement which we have from the minister as to the object of the legislation, or the wording of the title which appears on the bill itself; we must examine its provisions in detail. In other words, may I distinguish between the object which the bill is intended to serve, as formally stated by the minister, and the principle underlying the measure as determined by the provisions of the enactment itself, because the latter, once the measure becomes law, will be the only real test After the legislation is passed, it will not help matters any to discover that while we believed we were voting for something that would lead to more effective co-operation between the two railway systems and to much needed economies, we had, as a matter of fact, voted for the principle of amalgamation of the two systems and what would make that possible. Nor would it help matters any to find that we had voted to take away from the governor in council and from parliament powers which at all times ought to be reserved to those bodies, or that we had taken away from the House of Commons or denied to it, the control it should at all times have over expenditure and taxation which constitutes a primary duty of this body. So I repeat that, looking at the measure, we must be careful to discover whether above all else the fundamental principles of responsible government have been safeguarded.

With regard then to the first part which deals with the powers of the board of trustees, as I have already said, once agreement is had on the underlying principle, details can best be discussed in committee. Without differing from hon. gentlemen opposite as to a board of trustees as against the old system of a board of directors, there may as I have said be a natural difference of view which can well be discussed pretty fully as to whether the board of trustees should be composed of three members only, or of five or even a larger number. Let me further mention in that connection a consideration that I have not heard mentioned in the course of this discussion. The Canadian Pacific Railway has not three or five directors, but eighteen, and the reason why the Canadian Pacific has eighteen directors is that the directors are chosen largely because of what is believed to be their ability in different directions to help

further the interests of the road. Gentlemen are placed on the board of directors of the Canadian Pacific Railway amongst other reasons because of their important business and financial connections, as instruments to help in obtaining business for the road. When the old board of directors of the Canadian National Railways, which is in existence still, was appointed, the government of the day had in view with respect to its numbers the fact that it was desirable from a business point of view to have a comparatively large directorate in order that opportunities in all parts of the country for increased business might be made known, and full advantage taken of them. I do not think we ought to assume that just because we are cutting down the numbers, we are necessarily thereby going to increase the opportunities for business which the national railways have heretofore had. It will mean that they will have to rely for their business entirely on chance and on freight solicitors, in other words on those whose duty it is to go out after business.

I think, too, it is all-important in discussing the question of the board of trustees and its size to consider very carefully also its composition or complexion. I have already stated in this house that I feel very strongly that there is more to be considered with respect to railways and all other industrial enterprises than simply the capital invested. Broadly speaking, any great industrial enterprise is in the main a partnership between capital and labour, or at least should be regarded as a partnership. In every partnership those who contribute ought to have some voice in the determination of policy. Speaking the other day I said that while the investor of capital may invest his savings, he does not after all invest to the degree that the man does who works year in and year out on the railroad in one capacity or another, for such an one invests his life itself, even to the risk of losing it. The man who invests his life in a great enterprise ought to have some say with respect to the policies which shall govern.

I know that there is a feeling on the part of those who object to labour's representation on a board of directors that at this time railroad wages are relatively high, and that it may be difficult to have wages reduced if on the board there should be labour representation as well as representation of capital May I say that I think Labour will be much more likely to accept what is a fair and reasonable reduction, if that be necessary, by being consulted as a partner in a business than it will be if it is to be excluded from an intimate knowledge of the affairs of the company and has to compel cessation of work altogether, in order to have its views effectively heard.

May I point out further that as respects the Canadian National Railways we have recognized up to the present time the right of Labour to be represented on the board of directors, and I venture to say that if anyone were to inquire how the representative of Labour on the late board of directors played his part, he would be told that he was as helpful in every way to the management and the president of the company as any other director on the board. I do not think that we ought to take a step backward at this time in that all-important matter, and I urge it more particularly for a reason, which associates itself with the subject we were discussing the other day when I spoke of substituting joint-control for single control of industrial policy.

We are living in times of great transitions, in times when Labour is determined, and rightly so, to have its voice increasingly heard with respect to those matters which affect its life as a whole. It is important that if possible the transition should be made in a natural way, along voluntary lines that will appeal to the sense of fair play and justice in the minds of the people generally. I believe that by giving representation on a council board or on a board of trustees to those who in such large numbers are required to carry on the undertaking itself, the government of this country will be taking a step which with regard to industry generally will help to make for progress in the end. That is the aspect of it that appeals most strongly to me. It is not simply a question of what the wage schedule at any particular time or place is going to be. It is the larger question of the evolution of industry in our times, and I am perfectly certain that unless private industries and public industries voluntarily give that opportunity to the great industrial classes of the country, the opportunity will be taken in the long run and by means that will be infinitely more costly, and no one knows of how serious a nature to the community as a whole. To give representation to Labour on the board, to substitute, in the determination of industrial policy, joint control for single control, is a wise step; it is a prudent step, and it should be regarded in that light. If it is necessary to enlarge the board of trustees to include a representative of Labour on the board, then I think it should be enlarged, but if there are to be

only three trustees I submit that at least one of them should be a representative of Labour.

I come now to the second part of the bill which relates to cooperation between the Canadian National Railways and the Canadian Pacific Railway. There, as I have said, I believe all hon. members on this side are at one with hon. gentlemen opposite in a desire to effect economies by avoiding wasteful competition, and are also desirous of furthering cooperation along right lines as much as possible. But we on this side have a very decided view on the question of amalgamation. We feel that the Canadian National Railways should be maintained in their integrity as a publicly owned and publicly controlled service, and that no legislation should be permitted to pass this parliament at this time which will have the effect of causing the integrity of the national system to be destroyed, its identity to be lost, or the system itself to be amalgamated with the Canadian Pacific Railway. I wish to say that many hon. members on this side have a fear that the legislation as drafted will have that result, that there is through the powers that are being given to the trustees, and particularly to the chairman, the possibility under this legislation, unless some additional safeguards are provided, that the chairman and the board through their action may effectively bring about amalgamation, or at least do those things which will so reduce the standing of the Canadian National Railways in relation to the Canadian Pacific Railway that, out of a mood of desperation, there might come later on a further demand for amalgamation. I do not wish to suggest that anyone is going to attempt to do anything other than what is wholly honourable, but we have to look on all sides of this question. As the trustees of the people in the matter of this institution—because we are the real board of trustees of the nation's affairs in all its departments—we have to ask ourselves: Is there not the possibility of the government withdrawing its control too completely, and that parliament may be permitted no say; is there not a possibility, before either the government or parliament can be consulted, of the board taking action, which, in the end, may be fatal to the success of the national system and which, in that indirect way, may force amalgamation?

In passing I should like to draw the attention of the house to section 9 subsection (6) which is as follows:

> No order, regulation, by-law, act, decision or proceeding of the trustees shall require the approval of His Majesty or that of any other shareholder of any company to which this section applies.

[Mr. Mackenzie King.]

I do not believe there will be found anywhere in the Duff commission's report a recommendation which goes that far. The provision is equivalent to saying that any act performed by the person appointed to be chairman of the board will be considered a right act, and that it must not, even, be submitted for approval to the governor in council, to say nothing of parliament. I think the house will agree that I at least have not been a very strong advocate of powers to be given the governor in council, in connection with many matters, as those powers have been exercised by the present government. I do submit however that even this government should retain at least some say with respect to what the board of trustees may or may not do in regard to the great national railway system. In the event of the trustees parting with or dismembering the system, it will not be a defence for us, the people's representatives in parliament, to say that in an endeavour to free the system from political control we gave a free hand to the trustees to the extent of relieving ourselves of all supervision and responsibility.

Just let us see what powers are given to the trustees without any reference to the governor in council or to parliament. Subsection (2) of section 16, which relates to cooperative measures, plans and arrangements, is as follows:

> Without restricting the generality of the foregoing, any such measures, plans or arrangements may include and be effected by means of—

And then follows a list. These are things which this one man—it comes down to one man, we find, when we study the measure—things which this one man can do without even the sanction of the governor in council, and with no say on the part of this parliament, or any part except to be obliged to meet deficits which may arise from his action. The list includes—

> (a) New companies controlled by stock ownership, equitably apportioned between the companies;
>
> (b) leases, entrusting agreements, or licences, or agreements for the pooling and division of earnings arising from the joint operation of any part or parts of freight or passenger traffic, or express, telegraph, or other operating activities or services;
>
> (c) joint trackage, running rights, joint ownership, or joint operating agreements, depending upon the nature of the property or services included in any cooperative plan; and
>
> (d) joint or individual highway services, or highway and railway services combined, in any form.

These are some of the measures which the board of trustees, on their own initiative and

without consultation or approval may take for the purpose of effecting cooperation. Some of these measures I believe are admirable; if rightly planned, all may be admirable. However, I ask this House of Commons whether any one individual residing in Montreal, with only two assistant trustees at his side, who may be called in occasionally, will be in a position to decide, with respect to all these particular matters, the best course to pursue. Is it not right, in the interests of the country as a whole, and having regard to the general needs of Canada which the railways are intended to serve, that at least the governor in council, if not parliament itself, should give his approval of some of these steps before they are taken.

A ministry cannot divest itself of all responsibility. If government ownership and operation means that it cannot be carried on without the ministry divesting itself of all responsibility therefor, then we had better pass a resolution to that effect, and get rid of government ownership altogether.

Mr. HACKETT: Hear, hear.

Mr. MACKENZIE KING: Hon. gentlemen opposite say, "hear, hear;" that may be their view. It is a subject for debate. It may be that in our day government ownership and operation is impossible. I do not believe it is. I believe that due control on the part of parliament, sympathetic control, would help to make government ownership and operation go very far. But so long as the government of the country owns a great national railway system, just so long must the ministry of the day take responsibility with respect to the essential features of that system. In my view that is the fundamental consideration; the ministry cannot possibly divest itself wholly of responsibility.

If the attitude is taken that the ministry should divest itself of all responsibility, what would it mean? It would mean that the ministry of the day is, to all intents and purposes, making a present to one man of the railway system of the country. He is to have entire control. It means you hand over the system to private control, because anyone who could do as he pleased with property would, to all intents and purposes, be in the same position as the owner of that property. We would be getting rid of government ownership and control if by legislation we said, "We will divest ourselves of all say and all control; we will not allow the people's representatives in parliament to have a word in regard to the matter, but we will give to one individual power to do as he pleases with respect to the whole system." That is the danger which I confess many hon. members on this side have seen in the legislation before us. It is a danger we wish to guard against. If by its provisions this bill really means that we are preparing the way for amalgamation, that such is the intention behind it, and further that we are freeing entirely both the executive and parliament from any control over this great national railway system, then we must be absolutely opposed to it. We would be opposed to that principle.

From the debate which has thus far taken place, the position of hon. members on this side of the house, has already been made fairly evident. We are all one with respect to doing everything we can to effect economies on the national railways. We are all one in regard to legislation which will further effective cooperation with the Canadian Pacific Railway, but which will maintain the integrity and identity of the Canadian National Railways as a government owned and controlled system. But we are unalterably opposed to an amalgamation of the Canadian National Railways with the Canadian Pacific Railway, and we are unalterably opposed to divesting this parliament of its supreme rights in anything and in everything, and of taking away from this House of Commons its duty with respect to the control of expenditures of public moneys, which involve taxation.

There is the one further main division of the bill, namely that relating to the arbitral tribunal whose duty it is to settle disputes which may arise between the two companies, in the working out of a more effective cooperation. In connection with this part of the bill may I say I do not believe our views will be greatly different from those held by hon. members opposite, except as to the best form the tribunal can take. We recognize that there must be some tribunal to settle disputes, and that the establishment of the tribunal mentioned in the bill would probably serve a very useful purpose. Whether or not the tribunal suggested in the measure before us in the best one, is a matter open to debate. However, that may best be discussed when we reach the committee stage of the bill.

There are many who feel that, with its wide knowledge of railway matters, and the staff and equipment available to supply necessary information, the chairman of the Board of Railway Commissioners along with representatives of the companies could best act as an arbitral board. On the other hand there are some who do not hold that view. Again, this is a matter which can best be discussed in committee of the whole.

It seems to me that one real difficulty is that which presents itself where there is com-

pulsion with respect to something concerning which there may be a wish to bring about effective cooperation.

The principle involved is very much the same as that which has to be considered with respect to disputes generally. Some years ago this House of Commons debated at considerable length the merits of compulsory arbitration as against compulsory investigation in connection with disputes between employers and employees of the great public service utilities. The legislation of such countries as Australia which had compulsory arbitration laws upon their statutes was carefully studied in relation to the alternative of compulsory investigation leaving the enforcement of the award more or less to the force of an informed public opinion. At that time this parliament came to the conclusion that a compulsory investigation law which would bring out all the essential facts of the case, not to compel acceptance of the award but leave that to the operation of public opinion, would in the long run be more serviceable in the prevention and settlement of disputes than a system of compulsory arbitration. I think the decision made at that time was a wise one, and I believe its wisdom has been borne out by the experience of many years past in connection with industrial disputes. Take the railways, for instance. It is very seldom that one finds after a dispute has been carefully investigated by a board of investigation that the award made is not accepted by one side or the other. There is one aspect of the situation where it concerns railways which seems to me to make compulsory investigation the most effective method of dealing with matters of this kind. There is no party more concerned in the justice of a decision and the enforcement of a just decision than the community itself, and where a board of investigators is charged with full power to go into the merits of a case and disclose them publicly, I cannot conceive of many instances where public opinion would not be so strong as to compel the acceptance of a wise and just decision by both sides. My own personal feeling is that it would be advisable to take this step first, and try it out. We need not do everything at once; if it does not work, well and good. Something believed to be better can then be tried. We know that at least one of the companies is very strongly opposed to this compulsory arbitral feature, and it may be that it has strong reasons for feeling as it does. Where the parties can agree upon referring a dispute it may well be left to arbitration, the finding would then have to be acceptable to both sides. But where one party is brought before a board in an unwilling frame of mind and feels that it is being coerced, that kind of thing cannot be kept up very long. I think, when we come to this phase of the matter, we ought to consider very carefully what it may be best to do.

I hope I am putting my position quite clearly. The house will appreciate that so far as we on this side are concerned, we are entirely at one with the government in the alleged objects of this bill, but I want to distinguish between principle and object. If there is any room for doubt as to the principle not being the same as the object, then we must be very careful with regard to the position we take. I want to accept the word of the minister that the principle underlying this measure is confined solely to the matter of cooperation, the effecting of economies and the improving of the system by freeing it from unnecessary and undue political control. On the other hand, I would not be true to myself, nor to hon. gentlemen on this side, nor to the people of this country, if I did not point out that before we pass the second reading of this bill there should be no doubt whatever as to the principle which we are really supporting. With the view of removing any possible doubt in that regard, I have drafted an amendment in the nature of a privileged motion which I would like to move at this time. I move this amendment in the hope that it will be accepted by hon. gentlemen opposite, and that it may be the means of bringing hon. members of the house into a sufficiently united frame of mind to enable us to move on immediately to the committee stage, and there debate the possible differences between us. The minister said the other day that he hoped the house would not send this bill to the select standing committee on railways, canals and telegraph lines or to the special committee on railways and shipping, but that it should be considered by the committee of the whole house. If that course is to be followed, there is an additional reason why at this time we should be absolutely certain of the principle we are supporting and which should govern and guide the committee in its discussions and deliberations. There should be some direction from the house to the committee of the whole as to the principles it wishes to have kept uppermost in the consideration of this measure.

The motion before the house is that the bill be now read a second time. I beg to move, seconded by the hon. member for Charlevoix-Saguenay (Mr. Casgrain):

That all the words after "that" to the end of the question be left out in order to insert the following instead thereof: "the second

reading of this bill be postponed until this house have declared that nothing therein shall be taken to authorize any amalgamation of the Canadian National Railways with the Canadian Pacific company; or to divest parliament of its rights; or to take from the House of Commons its primary duty to control expenditures of public moneys and the taxes required to meet the same; and that the provisions of said bill shall be read in the light of this declaration, and be construed so as to conform therewith, and that in so far as any of its provisions may be inconsistent therewith they shall be amended accordingly,

and that the adoption of this amendment by this house shall constitute the declaration of its intention and purposes as set forth herein."

I should like to quote an authority which will help to explain the purpose I have in mind in moving this amendment. The citation from May under standing order 48, which is the order respecting privileged motions, reads,—I am reading from Beauchesnes Parliamentary Rules and Forms, paragraph 406:

The object of an amendment may be to effect such an alteration in a question as will obtain the support of those who, without such alteration, must either vote against it, or abstain from voting thereon, or to present to the house an alternative proposition either wholly or partially opposed to the original question.

In moving this amendment, I am not attempting to follow the second of the two courses mentioned in the rule; I am not presenting to the house an alternative proposition either wholly or partially opposed to the original question. What I am seeking to do is to effect such an alteration in the question as will obtain the support of those who, without such alteration, must either vote against it or abstain from voting thereon. I have not consulted with the members of the party generally, but I think I have a true impression of how they feel. I believe I can say for hon. gentlemen sitting on this side that if my right hon. friend will accept this amendment, all of us will be prepared to support the second reading of this bill. It will be thus made clear that our opposition, if opposition is necessary, is not to the principle of effecting economies, bringing about cooperation and helping to remove the national roads from political interference but to any enactment which would compel amalgamation of the national railway system and the Canadian Pacific or which would take away from this parliament or this House of Commons the rights which they should have at all times.

I hope I have followed the example suggested by the Minister of Railways (Mr. Manion) in not attempting to make this a controversial discussion but to bring the political parties as close together as possible at this very critical time. I move this amendment in the sincere hope that it may be the means of enabling this House of Commons to take a united stand on this all important measure. May I point out, Mr. Speaker, that the amendment does not involve any lengthening of the debate or any delay in getting into committee. It will rather have the opposite effect; it will shorten discussion very materially. If the amendment is carried the house will declare as a guiding principle what the minister himself has declared already is intended, and also what I cannot conceive any government being willing to other than declare with respect to the right of parliament and the duty of the House of Commons. With the house expressing its opinion in this way, we shall feel a sense of security in supporting the principle of the bill for there will then be no possibility of mistake as to what we are supporting. But if that cannot be done, I must confess that so far as I personally am concerned I should not find it possible to support the second reading of this bill, because I would find in the refusal by the government of a declaration of this kind, evidence that there must be a sinister design which is not apparent on the face of the measure itself.

Mr. SPEAKER: Is it the pleasure of the house to adopt the amendment?

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I desire to reserve the right to discuss the question whether or not the amendment is in order. In my judgment portions of it are not in order, but at the moment that is not a matter of importance.

The closing words of the right hon. gentleman opposite indicate clearly what was in his mind in the drafting of this amendment. When you speak of sinister motives or designs you can always be sure there is something of the kind behind a suggested amendment such as this. To suggest in a time like this that there are sinister motives in the introduction of the bill which is now before the house for second reading, and that these sinister motives are to be met by the introduction of the amendment just submitted is quite beyond me. However, the right hon. gentleman and his followers will have to adjust themselves to the necessary viewpoint to deal with that phase of the question.

I am going to make a very short review of the situation, Mr. Speaker, and of the legislation now before the house, and I think I can convince hon. members opposite that they are approaching this question from, shall I say, the wrong angle. The position is not, as has been suggested so frequently in this house, that these are the properties of the people of Canada. These are now the pro-

perties of the people who loaned their money to build them, and under normal conditions they would take possession of them. It does seem to me that there are a few fundamental ideas which must be kept in mind in discussing these proposals. Let us look at them.

In Canada we had the Canadian Northern railway system, the Grand Trunk system, the Grand Trunk Pacific system, the National Transcontinental system and the Intercolonial line. These roads were the property of the crown with regard to the National Transcontinental and Intercolonial lines, and of private interests with regard to the Grand Trunk Pacific, the Grand Trunk and the Canadian Northern. These properties were built with borrowed money, and that money was obtained largely through the guarantees given by the provinces and by the dominion which enabled the securities to be sold in the money markets of the world. In the case of the Grand Trunk Pacific the Grand Trunk gave its guarantee to the securities of the affiliated enterprise, it being the parent company. In the case of the Canadian Northern there were guarantees both by the provinces and by the dominion. Guarantees were given by a Liberal government in connection with the construction of the line into Edmonton, and those who will look at the statutes of that time will find there an express condition that the road never should be amalgamated with the Canadian Pacific Railway. Guarantees were given by the province of British Columbia in regard to the construction of the old Canadian Northern from the mountains to the Pacific. We had the Canadian Northern Alberta, the Canadian Northern Saskatchewan and the Canadian Northern Ontario; we had various broken bits of line bearing the names of the provinces through which they passed, the securities of which were guaranteed by the provinces and by the dominion. The Grand Trunk railway system, which ran from Portland to Chicago, through Quebec and Ontario, combined a large number of branch lines and in fact, as is well known to those who are students of the railway question in this country, separate entities or companies still exist. For instance, there was the old Canada Atlantic, the line running from Ottawa to Parry Sound or beyond, the rails of which were carried to Coteau. These systems still exist; their securities are outstanding. They have been guaranteed in some instances by, we will say, the Grand Trunk; in others by other companies and in still others by the crown, but the fact is that the Grand Trunk system as such consisted of a large number of separate companies grouped together under one controlling management, and the very fact that they were bought at such a great cost had much to do with the subsequent financial difficulties of the Grand Trunk railway system.

It is needless for me to deal with the Grand Trunk Pacific railway to-day. It was bankrupt before it was built; it was insolvent before it was completed. It passed into receivership and then came into the hands of the crown, really, under the amalgamation known as the Canadian National railway system. The Intercolonial railway was built by the people directly and owned by the crown. The millions of dollars that were invested in that enterprise were borrowed on the credit of the Canadian people plus a guarantee that was given, it will be recalled, under the provisions of the British North America Act, to enable the money to be obtained cheaply for its construction. That road was not located having regard to the best economic conditions; for strategic and other reasons it was built where it now is rather than where it should have been. These conditions were referred to during the course of this debate, but the money invested is the money of the people of Canada and not of any private enterprise. The obligation to repay the money was a direct obligation on the people of this dominion. The National Transcontinental, which represents an investment of hundreds of millions of dollars, was built in part from the surplus in the consolidated revenue fund, obtained from taxes imposed upon the people of Canada, and in part by borrowed money. It was to cost $13,000,000; it cost several hundred millions.

As I have said, Mr. Speaker, I shall not do more than indicate that these bankrupt enterprises were united into one system. When the decision of the privy council was finally given—and at that time the party of my right hon. friend was in power—an order in council was passed that brought all these systems under one control. They are known now as the Canadian National Railways. As I have said, they comprise the old systems to which I have alluded, together with the new roads built by the people of Canada—the National Transcontinental, the old Intercolonial railway, as well as the Grand Trunk Pacific, the Grand Trunk system, and the Canadian Northern.

The immediate effect of that amalgamation, not expressly stated in terms, has been to relieve the provinces of the weight of their guarantees, and if these guarantees were made effective against British Columbia, Alberta, Saskatchewan and Manitoba those provinces would all be hopelessly bankrupt. That is

the railway position so far as the provinces in question are concerned.

Having been united under the conditions I have mentioned, they operated as an entity, as a system, and they carried on transportation from Portland to Chicago and in every province of Canada; and in the operating system was included the old Intercolonial railway. I wonder whether this house realizes just what the present position is. Sometimes I feel that the magnitude of the problem that confronts this parliament is little understood or appreciated. It is the greatest problem that confronts the Canadian people; it is the problem beyond all others that calls for the exercise of patience and in my judgment of much sacrifice on the part of the taxpayers. Why? Because not only have the provinces given their guarantees, but the dominion has given its guarantee with respect to the securities that are outstanding.

To what extent does the public own the securities of these systems that are now called the Canadian National Railways? Almost every hon. member knows, but I venture to repeat it. It amounts to nearly $1,300,000,000 —that is, nearly thirteen hundred millions of dollars are in the hands of the investing public in almost every country in the world, and securities representing the investment are guaranteed by the dominion or the provinces of this confederation.

Mr. STEWART (Edmonton): Altogether?

Mr. BENNETT: I am speaking of the securities that are outstanding in the hands of the investing public of the world: Canada, the United States, Great Britain, continental Europe and even in the far east. Purposely, I do not mention the numbers of railway lines that have been brought into this system for prices that are little short of a public scandal; I do not mention that because it is unnecessary—it is past history so far as the act is concerned. As regards the branch lines, they have been built by the Canadian National Railways and by the Canadian Pacific Railway both, and in some instances duplication of facilities has brought disaster to both systems. I am not giving the exact figure; I said $1,300,000,000—it is $1,280,000,000 odd. That does not include the sums of money that have been paid out by the Canadian people from the consolidated revenue of Canada, or borrowed by them and handed over to these railways.

Do you realize, Mr. Speaker, just what that sum represents? It represents nearly one thousand millions of dollars. So that the two together, the securities that are now outstanding in the hands of the investing public, representing roughly $1,300,000,000, plus the money that the Canadian people, either from surplus taxation or by direct loans made upon the sale of their own securities, have contributed, represent a total of nearly $2,300,000,000. And when I made the statement as to the investment by the crown, that is by the people, I did not include the interest upon the moneys thus invested. If I were to do so it might be almost unbelievable because the aggregate is so large.

Therefore we have this problem before us as Canadians: How can we so adjust conditions as to make possible the very lowest demand being made upon the Canadian taxpayer to provide interest to pay the annual requirements of the securities held by the public, to say nothing of the interest upon the moneys which we have directly put into these enterprises? And that eliminates, of course, interest on the Intercolonial railway system.

Now we have another railway system in this country. That system was heavily subsidized by the Canadian people in land and money and it became a very great and prosperous organization. It is known in every part of the world. It was a competitor of the combined systems, now known as the Canadian National railway system. Sometimes, if I may be pardoned for saying it, I wonder how intelligent men ever thought that it was possible to create three transcontinental systems of railways in Canada. Take the history of world transportation, take just the bald outlines of it, and ask yourselves how Canadians could ever have thought it possible to create a Grand Trunk Pacific transcontinental system, a Canadian Northern transcontinental system and a Canadian Pacific transcontinental system. It is beyond me. The other day I had brought to my attention a life of Sir Wilfrid Laurier written by a great friend of his, Senator David. In the 1905 edition, the first edition, the author opens one paragraph with the assertion that Sir Wilfrid Laurier was not only a great orator but that he had clairvoyance inasmuch as he saw the future of the country when he brought forward the Grand Trunk Pacific railway. Later editions of the book leave that out. I need hardly point out that there must have been something in the minds of Canadians that now makes it impossible for us to understand who could have dreamed that three transcontinental railways could be sustained by eight million people.

Mr. EULER: They thought there would be more.

Mr. BENNETT: Of course they did; but you could not project your mind into the future on any material that then existed that would warrant any such expectation, that you could maintain three transcontinental systems in this country.

Mr. McINTOSH: If you have faith in your country.

Mr. BENNETT: One does not wish to have faith in one's country to the extent of being foolish, and anyone knows that the mere suggestion that eight million or fifteen million people could sustain three transcontinental railway systems, over the territory these railways crossed, is absurd.

Now, I have been a witness to this. I saw these railways being built in western Canada. For thirty-five years I have lived there and I saw the development of transportation in that area. I remember the day the first Canadian Northern train reached Edmonton, and I remember when the Grand Trunk Pacific party came west for the purpose of considering the construction of their lines. I travelled west from Calgary to Banff with Mr. Hays and Mr. Morse and the prospective board of directors of that time, and I recall exactly what was then said. No one ever expected that there were going to be two systems then. People fully expected that the Canadian Northern and the Grand Trunk Pacific would be united into one system. Those who recall the dramatic moments in this house, though not in this particular chamber, when Mr. Blair left the government of that day, will remember as they recall it that he pointed out that what has happened would happen. It has happened even as he foresaw it. The point I desire to make is that we have received this as a legacy, and I think we have some right to ask hon. gentlemen opposite to give us their assistance in the solution of this difficulty. I say that for the reason that this party did not create it.

Mr. HANBURY: The people of Canada did.

Mr. BENNETT: This party did not create it.

Mr. McINTOSH: It created the trade tangle.

Mr. BENNETT: Under our constitution the measures that made possible the construction of those lines had to be initiated by the government of the day and they were initiated by the then governments of the day. This is not a question of the people of Canada; it is one of governmental action, the initiative being taken by the governments of the day for the construction of those lines. But as I have said frequently in public and made perfectly clear, I repeat in this chamber that the provinces of the west must assume an enormous responsibility with respect to the guarantees that they gave to the Canadian Northern system, without which guarantees that system would never have reached the coast. That is clear; every thoughtful man who examines the history of the matter knows that. In a period of universal depression, a period in world history the like of which has never been known before, this government has fallen heir to that condition. Having fallen heir to that condition, it had to seek as best it could some means for the solution of the difficulty that would not be wholly incompatible with the views of the Canadian people. I recognize the fact that no soft words are going to solve this problem, and no criticism of high taxation will pay the bills that result from it.

Let us see what has been done. Some hon. members may doubt the wisdom of the appointment of a royal commission; some may very properly say that the government of the day could have arrived at the same conclusions as those reached by the royal commission. But when you find the view put forward by the directing executive head of the national system and acquiesced in by the head of the Pacific system, that a royal commission was desirable in order that the problem might be studied from every angle, political considerations being eliminated, I think hon. members will agree that the government at least was warranted in taking the attitude it did. But I go further: this chamber approved that view. When the select committee made its report recommending that consideration be given to the views expressed by the railway executives, it will be recalled that the house acquiesced in that recommendation. There are those who say that the report of the royal commission does not advance the matter at all. In my judgment that commission gave more careful attention and consideration to the problem than is usually the case with public commissions. Let us for a moment examine it. The British interests, comprising practically 90 per cent of all the Canadian Pacific securities and the major part of the Canadian Northern securities that were issued prior to 1920, were represented by Lord Ashfield. My colleague, the Minister of Railways (Mr. Manion), has pointed out to the house that in Lord Ashfield we had a man skilled in finance, an expert in the operation of transportation systems who, during one of his visits here, had to shorten it in order that he might return to deal with the complex problems arising out of the underground systems of transportation in the great city of

London. He came here, dispassionate, unprejudiced, and looked carefully over the situation. He traversed this country from ocean to ocean. The same may be said of his United States colleague. It is true that the latter was not a trunk line president. Owing to conditions that obtained in the United States at that time, the securing of the services of a trunk line president was absolutely impossible, but Mr. Loree is recognized by all railroad men in the republic to the south of us as having no superior so far as the practice and theory of railroading are concerned. He saw this problem with his own eyes. Then, if you take our own Canadians, I think most hon. members will agree that the chairman of the commission is a man whose position, and reputation as a jurist not only in this country but elsewhere, entitles us to have the utmost confidence in his dispassionate and judicial weighing of evidence and in the conclusions at which he would arrive. As regards the businessmen, Mr. Leman is the general manager of a bank but he has also had wide experience as an engineer. If my memory serves me aright, he is a graduate of McGill university and has wide experience. He concentrated his mind upon the problem. Certainly Sir Joseph Flavelle will, by the common consent of all who know him, be regarded as one of the foremost businessmen this country has yet produced. In regard to the selection of a gentleman from the extreme east I cannot do more than adopt what was said by my colleague the Minister of Railways, and everyone from western Canada who knows Professor Murray, president of Saskatchewan university, will agree that in considering this problem, he brought to it a skilled, disciplined mind, without prejudice. I think I am within the judgment of the house when I say that this commission considered the railway situation without fear, favour or bias. They examined the presidents of the roads, the directors, the financial comptrollers, the operating officials and they saw the roads themselves. They understood fully the duplication not only of trackage but of facilities. They saw all that was implied and involved in the branch line programs to which effect had been given and they learned with dismay of the financial position. They made a report. This government took the view that, the report having been received, the best way to proceed was to ask that a bill be prepared containing all the recommendations that had been made, that is for discussion only, and in the early stages it was thought it might be introduced into this chamber, but after consultation with my colleagues, it was concluded that a more ample opportunity for what one might call calm, dispassionate consideration of the problem, could be given if the bill were first introduced into the Senate.

I say this to my colleagues in the House of Commons, that I believe seldom has any committee given to a problem the same careful, thoughtful, unprejudiced consideration that was given to the bill by the Senate committee on railways. I am violating no confidence when I say that Lord Ashfield said to me in December last in England that he had read with the greatest interest the reports of that committee as they had been published and that he could not conceive of better consideration and attention being given to any matter than that evidenced by the work of that committee. The bill has been changed from what it was originally; clauses have been added; clauses have been withdrawn, but in the main the principles continue to be those which the commission reported should be adopted. The government as such has in this legislation no object but one—to do what is best for the Canadian people. If constructive suggestions are offered from any corner of this house, the government will consider them on their merits, and they will be either accepted or rejected as they are considered sound or unsound. In other words, if the weight of argument would indicate that some view other than that indicated by the bill or some other clause should be adopted, the government is only too glad to avail itself of every assistance that may be offered. Why? Because the problem is not the problem of a government: it is the problem of the whole people, of this House of Commons and of parliament itself. In approaching that problem, let us see what the evidence discloses before I touch on the bill itself.

The evidence discloses not only the financial position to which I have alluded, but further that there is imposed annually upon the Canadian people a burden that amounts to many millions of dollars—roughly a minimum of one million dollars a week—to discharge the contractual obligations which the Canadian people, as taxpayers, have incurred. It is no good to say that we will repudiate those obligations. To do so is to destroy the credit of this country because the guarantees given constitute a contract to pay on the part of all the people of Canada just as though the securities were issued by the Canadian people without the medium of a railway at all. That is the difficulty of the position. Every year these moneys must be

raised. Last year it is probable that some five millions of dollars may have been earned by the railways to take care of an obligation that amounted roughly, with capital expenditures, to between sixty-five and seventy million dollars. Does the true significance of that go home to the Canadian people, or even to this house? I looked the other day at the painting of Sir John Macdonald, and yet in the year that Sir John Macdonald died the entire revenues of the Dominion of Canada were not as great as the deficit of the Canadian National Railways we are now discussing, so rapidly has this country expanded and so limitless apparently have we thought our ability to provide the taxes, for in the end it becomes a matter of taxation.

Now what would happen under normal conditions if this were a private enterprise having defaulted in the payment of its obligations? What would happen would be that which took place in the case of the Grand Trunk Pacific. An application would be made to the Exchequer court to appoint a receiver, the directors would pass out of existence, the receiver would take charge and would operate the system for the benefit of the bondholders or creditors of the road.

There has been introduced into this debate, as there was by others in another place, the thought that we are thinking of the financial interests as opposed to the human interests that may be concerned. Mr. Speaker, human interest centres in the employees of the system only if it continues to operate, for if it does not operate there is no employment, and unless a very, very great improvement is made in conditions the system as a whole cannot continue to operate. Every thoughtful man knows that. Everyone who has given attention to it knows that. Under normal conditions a receiver would be appointed by the courts. But there can be no receiver where you have the provinces and the dominion with their guarantees. The crown cannot default; the dominion and the provinces must pay or else their credit is done. Therefore, at the very threshold of the problem, the commission had to consider how to combine the powers of a receivership with the continued operation of a system that must if possible be maintained in operation, and so they selected three trustees. They did not call them trustee receivers, because the word would not be appropriate when dealing with the crown, because the crown does not go into a receivership. But nevertheless that was the condition with which they had to deal—default certain and positive for at least some period of time.

[Mr. Bennett.]

Under normal conditions the effect of a receivership, as every hon. gentleman knows, is that interest is no longer paid, and all the revenues are available to rehabilitate the system and bring about its reorganization. I am not going to take the time of the house this afternoon to mention more than one or two receiverships, but the great Milwaukee system went into receivership, as did Northern Pacific, the Union Pacific, the Santa Fe, the Wabash, and the Chicago and Great Western. All these roads went into the hands of receivers, and during the period of the receivership the security holders got no interest on their money. But you cannot do that in connection with our road because the provinces have given their guarantees and the dominion has given its guarantee as well. So we have the situation where this commission had to select a plan that would ensure the benefits of a receivership without in any sense restricting the operations of the system so far as that was possible from an economic standpoint. In other words, the legal necessities, together with all existing facts, made it essential that a body should be selected that would have all the powers of a receiver, together with the powers of a controlling management, to bring about that equilibrium between income and outlay that is the aim of every receiver before a reorganization takes place.

Why is the number three? It is the considered judgment of the commission, every one of them, that any number greater than three means disaster. That is their view. They do not put forward that view as politicians or as members of parliament. They put forword that view as business men because they know that in the history of enterprises in which the effort to bring about an equilibrium between income and outlay has succeeded it has been necessary to have a small management. For the most part receiverships, which in the case of the railways I have mentioned were composed of two receivers, and if my memory serves me right, in one of the greatest the number was three. But the commission is very certain that any number greater than three will bring about a difficult if not an impossible situation.

I understand the difficulties involved—does any hon. member of this house think for a minute that living as long as I have in western Canada I do not understand the difficulty that anyone is going to have in explaining why you have only three trustees and they all living in one city, Montreal? Does anyone believe that I do not appreciate that difficulty, or that I seek it lightly and happily and

gladly? Of course not. But we accept it because we believe, on the balance of the arguments that are presented, that there is no answer to the fact that any number of men greater than three could not bring about what we are aiming to accomplish, the restoration of equilibrium between expenditures and income in the reorganization of the system. It is because we believe that any number greater than three means disaster, and that is based on experience that is universal. I once heard Lord Buckmaster say that Lord Macnaghten, one of the greatest jurists of the Victorian era, said that the ideal number for a court of appeal was three, and he never changed his mind with respect to that. In England the highest courts, Divisions No. 1 and No. 2 are limited to three in number because experience has taught them that three is a much better number of men with which to deal with the problems than any greater number. I am bound to say that my own experience, which is not a matter of importance, and my observation, which is a matter of greater importance, and my reading, as well as the reasons presented to me, have convinced me beyond question that we should stick to the recommendation of three trustees in this matter. I put this to the house: Suppose we make the number five; those who have to deal with the matter or come after us will say, if success does not follow, "Why did you not follow the advice of the commission; why did you not accept their advice?" If one of the three is to be selected from one group or one class, then shall we say that political, racial, religious or occupational consideration shall prevail? Must it not be that these three men are selected with the same regard for merit, and for merit only, as induces a court to select a receiver?

The high court of parliament has now been called upon to determine how many men shall constitute the trustees for this system, to bring about again equilibrium between income and expenditures, and restore this road to a position where it will earn its way. The high court of parliament is now asked to accept or reject the advice which has been given by those who went out and studied this problem more carefully than you or I can study it—and their conclusion is that three is the number which should be appointed. I share that view. Apart from the arguments which their report indicates—and in my judgment they are conclusive—the experience of the world in dealing with matters of business is that when you have a situation, such as that to which I have alluded, there should be a small body of men constantly in consultation who will be able to concentrate their minds upon the problem. And by that unity of effort which three, rather than five, can make possible, we will restore the property to the position in which we desire it. That is the fundamental recommendation with respect to administration. The directors disappear, not because the commission wanted to get rid of directors, per se; they disappear because of the financial position of this enterprise. They disappear because in a court of law, under normal conditions, they would thus disappear. And so it is that these trustees are substituted for the directors, by the high court of parliament, just as the directors would be superseded in a court of justice, as was done in the case of the Grand Trunk Pacific by a statutory receivership to preserve the property and to bring about, as I have stated, the equilibrium between income and expenditure.

I believe I have satisfied—at least, I trust I have satisfied the house, that the property is not the property of the people, except to the extent to which the people own the securities which are in default. No interest has been paid upon it, and therefore it is fair to say that the Canadian people, as the holders of securities, have an interest in the enterprise. But this enterprise belongs to the investors; let us keep that in our minds.

Mr. HANBURY: How about guarantees?

Mr. BENNETT: I am talking about that—the people who have put their money into it and have not had any interest paid, and investors who have bought securities, have bought them on the strength of our guarantees. There is no question about that. Under those circumstances I trust this house realizes that many of the considerations which you and I, under normal conditions, would find operative in inducing us to arrive at a conclusion, must disappear. For we are now dealing with very simple matters—securities, property in default, and security owners having a right to enforce their claims unless we, as guarantors, exercise our position and make payments. Under those circumstances I think—at least I hope—that the house will recognize just what the position is. Business men in this chamber, as they reflect upon the analogy between that and an ordinary joint stock company which is bankrupt, or as they reflect upon the history of great enterprises in this country, will realize how essential it was that the property be placed in charge of the numbers I have indicated for the purposes we and they have in view.

Some difficulty, apparently, has been experienced by hon. members opposite in the

thought that there is some sinister motive in this bill to bring about an amalgamation with the Canadian Pacific Railway. I say to this house now that if that apprehension is grounded upon the fact that the section in the bill which was put in as it was originally drafted, has been taken out, is the cause of that apprehension, then we will restore it.

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: Then we will restore it. There is no thought of any trick to bring about something which we have pledged ourselves not to do. There is no sinister design behind this measure to accomplish the amalgamation of these systems, when this parliament is opposed to that being done. In my judgment it would be impossible to bring about the amalgamation of these two systems on any terms or conditions unless the people, themselves, had an opportunity so to declare. I have given much thought to the point as to whether or not the honest and proper method to pursue is, at the next general election, to afford an opportunity by plebiscite for the people to determine whether or not it is desirous that this should happen. It is true there was a plebiscite in this country concerning prohibition. It was not held at a general election, and the result gave us prohibition as they had it in England and free trade as they had it in Maine.

At any rate, let us leave that for the moment. I desire to make it abundantly clear to the house that in my judgment no government could ever have any mandate which could be regarded as ample to warrant it in taking the step to which reference has been made, unless it proceeded from the direct authority given by the people who owned the equity of redemption. The people of this country own not the road but the equity of redemption. And so long as the government of Canada is Father Christmas and pays under the guarantee, just so long, there being no foreclosure, that equity of redemption has a right to express its views as to what shall be done. And it can only in my judgment be done in the manner I have indicated, by affording to every citizen who, in the end, owns the equity of redemption, an opportunity to express an opinion for or against amalgamation.

In order that there might be no misapprehension, in order that hon. members might be deprived of an opportunity of casting even a suspicion of bad faith upon the government—although I do hesitate to deprive hon. members opposite of an argument—at any rate in order that they might be deprived of that argument, I desire to say we will place in the bill in adequate terms words which will make it clear that there may be no amalgamation of the two systems nor destruction of their integrity under and by virtue of this measure. And I may say that when I first heard of it my colleague the Minister of Railways (Mr. Manion) had not learned that such a suggestion was in the mind of anybody, because I do not believe this bill is susceptible of any such construction being placed upon it.

Mr. HANBURY: But it could possibly be interpreted in that way.

Mr. BENNETT: I hardly think it is fair to say that there is any such possibility. But lest there be, I desire to remove that stumbling block from the cooperation which the right hon. gentleman desires. We will make that clear.

Now, let us proceed one step further, the desire to eliminate politics from the control and operation of the system. I am not going to dwell upon that phase of the matter. I am not even going to digress at length, beyond saying that the commissioners thought it was wise, not as an insult to members of parliament or the Senate, but as a principle which they thought should be made effective, that members of this parliament, whether in the Senate or the House of Commons, should not be eligible for appointment as trustees. They had no desire to insult any member of this parliament, whether in one house or the other, but they desired to make it abundantly clear that the whole principle was that the benefits which accrue from privately owned operation should be made available for this road. That is why they put that provision in the bill. It was struck out in the Senate because hon. gentlemen thought that there was some reflection upon their fitness. I do not so construe it and I hope it will be the will of this house to restore such a provision in order that there may be no question of that kind with respect to the measure.

Leaving aside the question of politics, leaving aside the necessity of this action being taken, we come to the methods suggested in the measure to accomplish the ends desired. As I have indicated there is, first, cooperation by agreement and, second, cooperation by direction where the parties fail to agree. If there is no amalgamation and if the object which must be always kept in mind when a property is placed under trustees or receivers is to be attained, it must be done in one of two ways. It must be done either by amalgamation with its competitor or cooperation with its competitor so as to eliminate waste-

ful and useless services. I warn every hon. member of this house, including myself, that we must be prepared to put up with great sacrifices to attain our end. It is no good for a member to come into this house and say: I have only a train once a week on my branch line, I should have six trains a week. It is no use to say: I must have three trains a day instead of one. It is no use to carry on political agitation and intrigue for the purpose of enforcing that upon the government. Just so long as you have a government able to control the management, just so long will you have intrigue and combinations to force upon the management the views of the government and its supporters. These are times for plain speaking, and there is no hon. member now looking me in the face who does not know that what I say is true. I know it is as as true as the fact that I am looking at hon. gentlemen opposite.

Let us face the facts. Let us realize that the reason cooperation is provided for in this bill in the terms it is is to make effective the purposes of the bill. How else are we going to do it? I will admit it is drastic but modern surgery says that if you will cure, the operation must be radical where the evil is deep-seated. This is a surgical operation and it must be a radical operation. In order to make it effective and successful we must eliminate every political consideration which would interfere with the success of the operation. This is not a pleasant thing to say. There are hon. members in this house within sound of my voice who the moment I said what I have said began to think in terms of what it was going to mean in votes in a particular locality. We are all human, but we must not forget that we have a larger obligation. Our effort must be to save not the road alone but, as I said, because of the guarantees that have been given, the credit of the guarantors themselves.

Let us go a step further and deal with cooperation by agreement. The minister gave evidence of what might be accomplished when one had the purpose and the intention to accomplish. There is no doubt that all one has to do is to take the time tables and he will see where cooperation by agreement will accomplish a great deal of saving, bring about many economies and prevent waste.

We come now to the second point with reference, to which I should like to make a few observations, cooperation by direction as the result of arbitration. Some hon. members of this house regard this measure as one that interferes with the statutory and corporate rights of the Canadian Pacific Railway. My examination of the facts so far as I have been able to look behind the scenes leads me to conclude that that clause was put in by those who were responsible for it because they thought it would be beneficial to the Canadian Pacific Railway Company. There is no one who would interfere with the corporate powers granted to that road just merely for the sake of interfering. When the railway commission came into being it was clothed with powers which gave it the right to interfere here, there and elsewhere. It is true that it may be said that this provision came about by reason of agreement but leaving all aside for the moment, it must be remembered that we have always claimed the right, either by the governor in council before the railway commission or by the railway commission exercising its statutory powers, to deal with problems affecting the rights of the people with respect to the railroads that serve them. The theory is that all corporations created by this parliament are created for the purpose of serving the people and the basis of this statutory cooperation—that is what we will call it—is that it must be beneficial. There can be no arbitration under this bill unless the cooperation sought by arbitration is cooperation that will result in good to the systems affected. It must be beneficial to both systems, not only to one. The condition precedent to the exercise of the compulsory powers of arbitration, a condition which must be determined antecedently to the powers being exercised, is that as a result of the exercise of these powers, if they are exercised, benefits will result to both systems. That is the basic principle of the statute, that benefits must result to both before the arbitral powers can be exercised.

I shall not transgress too long upon the time of the house, but I want to say one word more with respect to the control of parliament. If I have not been unfair, and I do not think I have, in stating the general purposes and intentions of the measure, the house will agree with me that we must eliminate the possibilities of what I shall call interference with this extraordinary management. Even as receivers or trustees have to go to a competent court to receive their powers, their authority and their right to issue securities if the earnings are not sufficient, just so is this parliament the high court to which these trustees must always come. There is no other court to which they can go for the purpose of discharging their duties under this statute. The statute renders them independent as though they were the operators of a private system but it renders them subject to all the control

to which a private system would be subject. Further, it does more; it provides—I think the right hon. gentleman must have overlooked this—that this parliament must supply the money for the deficits.

Mr. MACKENZIE KING: We did not overlook that.

Mr. HANBURY: And have no control otherwise.

Mr. BENNETT: If that is so, what further control can be had in anything except the control to grant or withhold supply?

Mr. HANBURY: After the money is spent.

Mr. BENNETT: Not at all; a budget has to be presented. If the hon. gentleman has not read the act I may tell him that it provides that a budget must be presented, and this parliament gives its sanction and approval in order that it may have that power and control that is essential. I put this to the house, Mr. Speaker: How would it be possible for these trustees to function and operate if they were to be subject to the governor in council? I put that problem to the house and to every individual member. What is the governor in council? The governor in council is the government of the day.

Mr. HANBURY: Responsible government.

Mr. BENNETT: I have heard it otherwise described in this house by hon. gentlemen opposite. I suppose government by order in council, which rescinded a contract for $4,000,000 for a hotel in Vancouver, substituting contracts that brought the cost to $11,000,000, is responsible government. That may be responsible government, but responsible to whom? The problem which this house and this country faces is not to be glossed over by any talk about constitutional rights or parliamentary powers such as this. Can parliament create a body with such powers as would be exercised by a private enterprise and still have control by reason of having to find the necessary money to enable them to function? I say yes. That is what is embodied in this statute. That is parliamentary control in its broadest and best sense; that is responsible government. Not a dollar can be found for this road or for these trustees; no money can be advanced to enable them to meet the obligations that have been imposed upon the roads by the guarantees alike of provinces and the dominion, unless this parliament grants it to them. That is the essential control that parliament must exercise, and if I so desired I could name many commissions both in England and in Canada in which we find the same situation.

[Mr. Bennett.]

I desire to avail myself of this opportunity, Mr. Speaker, to say that if government ownership is to succeed it can only do so if it observes the same business maxims that are observed by private enterprises. It cannot succeed if those who administer it are to be dragooned on the one hand by their political friends and attacked on the other hand by their political foes. It cannot succeed if its policies are made the football of contending parties. It can only succeed if it has the same free, untrammelled opportunity under the laws of the country that is afforded private enterprise. The corporate position of these trustees must be the same as the corporate position of the directors of the Canadian Pacific Railway. Both are under the law; both control properties; both exercise their powers to the best of their ability, with an eye singly directed to the success of the enterprise. If this parliament should be dissatisfied with their conduct action can be taken any year when it is asked to provide means and money for the operation of the system. No one will complain, I am sure, if the time ever comes when they do not have to apply to parliament for money, but if parliament in its wisdom, in the exercise of its plenary powers, is dissatisfied, it can declare that it will not give them further money unless they vacate their offices. Parliament has complete control. Anyone who knows the fundamentals of government knows this is so. This house, in its power to vote money, has complete control over that board of trustees, and parliamentary control can never be more strongly exercised than it can under these very powers.

I shall not deal longer with this phase of the matter, Mr. Speaker, but I should like to say that when subsection 6 of section 9 is referred to it must be perfectly clear that the crown is the crown as a shareholder, because as a shareholder the crown owns the Canadian National system. The words "any other shareholder" of course contemplates to the crown as a shareholder. With respect to the possibility of amalgamation being brought about by an indirect method when it could not be directly accomplished, the section that we will offer will provide against both direct and indirect means, so the house need have no fear in that respect.

Now I should like to say a word or two with respect to the amendment. I hope the right hon. gentleman will withdraw it. Perhaps my hopes are beyond my expectations, but for a moment let us look at what it contains. It asks that the second reading of this bill be postponed, and of course that means the end of the bill.

Mr. MACKENZIE KING: No, it does not.

Mr. BENNETT: Hold on a moment. Look at the rules with respect to the six months hoist and the three months hoist. The postponement of the second reading of this measure means an interference with its orderly passing in this house under the government of the day.

Mr. MACKENZIE KING: I rise to a point of order, Mr. Speaker. I submit that under the rules of the house this amendment can be put and, if it is carried, the house can immediately proceed with the second reading of the bill.

Mr. SPEAKER: I do not think that is a point of order.

Mr. BENNETT: There can be no proceeding with the immediate passing of the second reading of this bill, for the motion is that the bill be now read a second time, while the amendment asks that all the words after "that" be struck out and something substituted therefor. If that is not the negation of the second reading I think every hon. member of this house must have difficulty in understanding the English language. What follows is this: The amendment asks that the second reading of this bill be postponed until this house has declared—and here is the manual of constitutional law that the house is to adopt. I ask the house to listen to it. First:

> . . . that nothing therein shall be taken to authorize any amalgamation of the Canadian National Railways with the Canadian Pacific company;

The appropriate place for that, of course, is in amendment to the measure itself, and not in amendment to the second reading of the measure, which is the adoption of the principle. That is the answer to that point. The next point is:

> . . . or to divest parliament of its rights;

There can be no divesting of parliament of its rights by any statute of this parliament, for the parliament that acts to-day may act to-morrow in an entirely different way. It can repeal to-day what it enacted yesterday, and it may enact to-morrow what it rejected to-day. Parliament is omnipotent.

Mr. MACKENZIE KING: I should like to ask my right hon. friend this question: If this measure were passed to-day could parliament remove the chief trustee to-morrow?

Mr. BENNETT: Certainly.

Mr. MACKENZIE KING: In what way?

Mr. BENNETT: Just by passing a statute removing him, without repealing the whole of the measure. I do not want to be offensive, but I do say that no student would suggest that the passing of this statute will divest parliament of any of its rights. What are the rights of parliament? They are defined in the British North America Act. Are we amending that act? Can we amend it? Are we changing the constitution? Are we considering an address to change the constitution? Are we trying to take from parliament any rights which it possesses? Its plenary legislative powers exist tomorrow, after we pass this bill; they exist next week and the week after; they exist in continuity and in perpetuity until the constitution itself destroys those rights. Is there any doubt about that? Then the amendment goes on to say:

> . . . or to take from the House of Commons its primary duty to control expenditures of public moneys and the taxes required to meet the same;

This bill provides that this parliament shall itself control the public moneys that are to be made available to these trustees. Does this house expect to have the right to control the expenditures made by the company itself? The amendment says not. It contains these words:

> . . . public moneys and the taxes required to meet the same.

This bill provides that if this parliament sees fit it need not grant a single sou to the trustees. Parliament has complete control over taxes and expenditures.

Mr. MACKENZIE KING: May I interrupt the Prime Minister for a moment. I should like to direct his attention to section 7 of the bill which provides:

> No trustee shall be removed from office, nor suffer any reduction in salary, during the term for which he is appointed, unless for assigned cause and on address of the Senate and House of Commons of Canada.

Mr. BENNETT: Surely.

Mr. MACKENZIE KING: I would ask my right hon. friend whether that does not make this House of Commons subject to the will of the Senate with respect to the salary to be paid to the chief trustee named therein.

Mr. BENNETT: But it is the same with respect to the judges. This followed the provision with respect to the judges, that is all; it desired to place the trustees beyond the influence of political control and to give them the same position of independence as the judges enjoy. They can be removed only by a joint address of the Senate and the House

of Commons. Let me go further however. If this parliament, notwithstanding that provision, saw fit to pass a statute the day after tomorrow repealing that section, it has the power to do so. Everyone knows that.

Mr. STEWART (Edmonton): The Senate would have to be in agreement.

Mr. BENNETT: Yes, of course; you cannot pass any bill unless it is passed by the commons, the Senate and the crown, for those three constitute parliament; there is no parliament without that conjunction. Let me quote further:

> And that the provisions of said bill shall be read in the light of this declaration.

Well, all bills are read in the light of that declaration; there is no bill on the statute books that is not read in the light of that declaration. But, I ask, why should we adopt, as a preliminary of the second reading of the bill, a short essay on responsible government? I ask that question without offence. All bills, I say, are passed in this country in the light of that declaration, and to suggest that this bill should be singled out as one that shall be passed in the light of that declaration is to put it mildly to do violence to constitutional practice and authority. Further:

> And be construed so as to conform therewith, and that in so far as any of its provisions may be inconsistent therewith they shall be amended accordingly.

In other words, before you know what is to be done, Mr. Speaker, you are asked to adopt amendments in this house. The time for this of course is when the bill is in committee; the time for it is when amendments are under consideration in the committee; the time is when an opportunity may be offered for consideration and discussion, when we know what we are dealing with. But as regards this pious declaration that the rights of parliament are not to be taken away in the passing of this bill, and that the control of public expenditures is in the hands of the House of Commons—that is only partly true, unfortunately; they are in the hands of parliament, for the Senate sometimes rejects money bills. I wonder if it is beyond the memory of hon. members that the Senate rejected the Yukon bill by which a subsidy was provided for the construction of that road; I wonder if it is beyond the memory of the house that the Senate rejected a bill in the days of Sir John Macdonald with respect to a section of the Canadian Pacific that passes through the State of Maine. Is that beyond the memory of hon. gentlemen? The statement should be that parliament controls, for no bill that is passed by this house, not the budget bill, becomes law until it is passed by the second chamber and assented to by the crown. There are three divisions of government in this country—the legislative and executive and of course the judicial, which we leave out for the moment; and the legislative divides itself into three branches: the commons, the Senate and the crown. Now, this is a suggestion that only the commons shall be concerned in the matter before us. Let me point out however that we cannot adopt any such statement as the law of the country, not even to oblige my hon. friend from Winnipeg North Centre (Mr. Woodsworth)—that the commons is the only house. There is still a reformed Senate.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: Hon. gentlemen laugh, but I read in a newspaper that it had been reformed by death—that was some years ago. So that it is hardly fitting that we should endeavour to insult one house of parliament by adopting a resolution to the effect that the control of expenditures of public moneys, and the taxes required to meet the same, shall not be taken away from the House of Commons.

Mr. MACKENZIE KING: "Primary duty" are the words used.

Mr. BENNETT: Oh, to take from the House of Commons its primary duty.

Mr. MACKENZIE KING: That is what it says.

Mr. BENNETT: But that is not its primary duty.

Mr. MACKENZIE KING: It is.

Mr. BENNETT: Its primary duty?

Mr. MACKENZIE KING: Certainly it is.

Mr. BENNETT: That shows you, Mr. Speaker, how difficult it would be to adopt this essay as a preamble to the bill before us, because there are differences of opinion as to whether or not that is so. The primary duty of the House of Commons is not the control of expenditures of public moneys and of taxes.

Mr. MACKENZIE KING: What else is it?

Mr. BENNETT: The primary duty of the House of Commons, as the right hon. gentleman knows, is to legislate. That is its primary duty; that is its job. And what is more, no legislation enacted by this House of Com-

mons with respect to public expenditures or taxes is law until the other two branches of our system of government have functioned, namely, the Senate and the crown.

Mr. MACKENZIE (Vancouver): The right hon. gentleman knows that under the constitution of the mother country and of this country the right of the House of Commons over taxation and expenditures is fundamental.

Mr. BENNETT: That is not what this amendment says. The hon. member for Vancouver (Mr. Mackenzie) and myself will not be in disagreement as to fundamentals; the only difficulty is when you speak of the primary duty of the House of Commons. The fundamental duty of the House of Commons is, as between it and the Senate, to control expenditure of money; but the Senate has gone on record as saying that in this country that is not so. You will find that in the sessional papers of the Senate. They have the power to amend any money bill.

Mr. MACKENZIE (Vancouver): Does the right hon. gentleman believe in that?

Mr. BENNETT: That is not the point I am discussing at the moment. The hon. gentleman's question reminds me of the stock question always put to the youthful candidate, "When will the hon. gentleman stop beating his wife?" I do not propose to answer that question. If it will be of any interest to the hon. gentleman, I may say to him frankly that I have always thought that so far as the control of expenditures is concerned the Senate had the power only to accept or to reject but not to amend. That has been my personal view.

I think I have covered the situation, and while I suppose it is not to be hoped for, I suggest that this amendment should be withdrawn. We propose to proceed with the bill and we ask the united assistance of the house in giving it the second reading and affording to every member of the house, on our own as well as on the opposite side, an opportunity to make any suggestions that may be at variance with the provisions of the bill as they now read.

It is my earnest hope and sincere desire that, realizing that the government of the day merely happens under our constitution to be the spokesman as between, the crown on the one hand, who must initiate, by message, any legislation involving money, and the house on the other, hon. members will adopt the bill after the fullest possible opportunity has been afforded for considering any amendments that may be suggested by the other side; and we will assume the responsibility for incorporating in the measure a provision that nothing therein contained shall be taken, read or construed as authorizing directly or indirectly any amalgamation of the Canadian National and the Canadian Pacific systems.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. J. L. ILSLEY (Hants-Kings): Mr. Speaker, the Prime Minister (Mr. Bennett), in the course of his speech this afternoon, made one statement with which I agree, and that is that the government has some right to the assistance of hon. gentlemen on this side of the house in dealing with this very important railway problem. Having listened to many of the speeches that have been made in this debate and having read the ones which I did not hear, I believe they have been of such character and quality that they must have been of considerable assistance to the government in its effort to deal with this problem. That applies to the speeches not only from the other side, but from this as well. There are many respects in which most of us on this side are in agreement with the Prime Minister. Many of the statements which he made this afternoon will not meet with much disapproval from opposition members. But there are some respects in which most of us, at least on this side of the house, cannot agree with him, and I shall deal with those before I finish my remarks.

In a general way this railway problem which confronts the Canadian people admits of three possible solutions. The first is the continuation of the system which at present exists, that is of more or less unrestricted competition between the two great railway systems. There are some advocates of that course, some persons who believe we can safely leave the solution of this problem to the systems themselves. They point to the great economies which have been effected recently by the voluntary efforts of the executives of the two systems, and they consider, by a continuation of those efforts in the direction of economy, the Canadian Pacific can be put upon a dividend paying basis and the Canadian National Railways can be put upon an interest paying basis. I am, however, afraid that that view is based upon too optimistic an expectation. I fear that the return of prosperity will be so long deferred that if the country does not take some more drastic steps than a policy of laissez-faire,

within a year or two it will be driven to take very drastic steps. So I do not agree with a policy of continuation of unrestricted competition between the two systems.

The second proposal, one which, I think, is propounded by some hon. members but not very many, is the one which we have come to call amalgamation. By amalgamation I do not mean the sale or transfer of the Canadian National property to the Canadian Pacific Railway Company. That is advocated by very few people. I mean unified management of the two systems. When we are speaking about amalgamation as a practical proposition, we mean unified management by the Canadian Pacific Railway Company of all the railways in the Dominion of Canada. There are those who believe unified management under government ownership would be advantageous, but it may be dismissed from one's mind as being beyond the realm of the practical, because there is such a large volume of outstanding liabilities of the Canadian Pacific—and I mean by that their share capital as well as their bonded indebtedness —that no practical proposal has been placed before the Canadian people whereby provision can be made for a return of the investment of those who have put their money into the Canadian Pacific Railway Company. So when we are speaking of amalgamation, we mean amalgamation under the management of the Canadian Pacific Railway Company. I do not propose to argue at any great length for or against amalgamation, because to all intents and purposes it is not a live issue in this house. One has only to listen to this debate and to hear hon. members on both sides express their convictions, to realize that public sentiment is such that the Canadian people at the present time would not approve amalgamation of the two railway systems. There are many reasons for that, the strongest of which is, I suppose, that it is feared that to give the operation of 40,000 miles of railway to the Canadian Pacific Railway Company would be to place too much power in the hands of one great corporation, and just as the radio committee last year, finally, by unanimous vote, rejected the proposal of Mr. Beatty that the channels of radio communication in this country be all handed over to a great private corporation, so the house and the Canadian people generally would at this time undoubtedly by a large vote reject any proposal that our channels of transportation be handed over to a great private corporation. Therefore I do not think I need spend much time in discussing amalgamation. It is quite possible that greater economies would be effected by amalgamation than by any other proposal we could adopt. Mr. Beatty's estimate of the economies that could be effected is, I think, $75,000,000. That may or may not be too large an amount. They can be brought about only by the scrapping of whole communities, the taking up of thousands of miles of rails and the displacement of an enormous number of labourers, and at present at least, serious as the situation is, the solution known as amalgamation is for all practical purposes out of the question. The benefits it would bring would be purchased at too great a price.

That brings us to the third proposal, the only other one that has been placed before the Canadian people, and that is the proposal along the lines of the recommendations of the Duff commission. It may be summed up in this: competition with cooperation, with provisions for enforcing the adoption of cooperative measures where the two systems themselves are not able to agree upon them. With that principle I am in accord. I arrive at that conclusion by the process of elimination. It seems to me to be the best of the three proposals. It has, of course, many difficulties. The very term "compulsory cooperation," which so many persons apply to that proposal, involves in one sense a contradiction in terms. But in many walks of our business and industrial life there is cooperation together with competition, and while the experiment is a very difficult one to perform successfully, still I would be prepared to support the main principles underlying part III of Bill A of the Senate which is now before the house for consideration.

Let me come now to the bill itself. To begin with, I do not agree with the Prime Minister when he would have the house adopt the view that because great care was taken in bringing together experts in the Duff commission and because those men have met with great success in their various walks of life, the house should adopt their proposals without modifications. Nor am I greatly impressed either by the very able committee of the other house of this parliament. In this House of Commons we must exercise as honestly and as fearlessly as we can our own intelligence. We are very likely to be impressed by the opinions of successful men, but often men who have made a great success of their own business do not know what is best for a government or a parliament or a legislature to do. One can look around and see instance after instance where these successful men have made most horrible mistakes in the legislative sphere because the principles which have made them successful

in their own business are not the principles which should be applied to the legislation of a country. So I decline, and I think every hon. member should decline, to permit his intelligence to be dragooned into subservience to the opinion of a royal commission or of a Senate committee. We must get down to the subject ourselves, apply ourselves to it to the very best of our ability and in the right spirit, a non-partisan spirit, and attempt to work out the best solution we possibly can.

With regard to this bill, the leader of the government in the Senate appeared to think that part III was the vital and most important part. With that view I do not agree. I think that the most important part of the bill is part I, and I think that to part I there are very serious and very grave objections to which I shall refer before I conclude my remarks. But first I desire to make a few observations with regard to part III which provides for compulsory cooperation so called.

Some members of the house think that instead of a system of arbitral tribunals the Board of Railway Commissioners should deal with the disputes that arise between the Canadian National and the Canadian Pacific systems. I have no very strong views one way or the other on that, but I can see that there are certain advantages in having arbitral tribunals rather than the Board of Railway Commissioners. To begin with, disputes are to be arbitrated. From the very nature of the case these are arbitrations, and the application of fixed or fundamental principles, the application of statutes, will not take place in these disputes. These might very well be left to a court. But I believe that a system of arbitration is preferable to a system of decision of disputes by the Board of Railway Commissioners, although I have not any very strong convictions one way or the other upon that.

It is possible also that giving large powers to the chairman of the tribunal has some advantages. It at least ensures some continuity of principle underlying the decisions of successive tribunals, and it may be that that is advantageous. One may think of many disadvantages as well as advantages, but as I have said before, I think that the important part of this bill is part I. If part I operates well, there may be no arbitral tribunals at all. On the other hand, if it operates badly, then the railway problem will be settled badly; it will not be solved at all. So it is rather on part I that I lay the chief stress.

Coming now to part I of the bill, what does it provide for? The Prime Minister went into it fully this afternoon and made certain statements with which I shall deal when I come to the latter part of part I.

First of all I wish to say something about the method of appointment of the trustees. I listened with care to the Prime Minister this afternoon, and he said nothing at all about the method of appointment of these trustees. But the bill provides that they are to be appointed by the governor in council, and I could not help wondering, when the Prime Minister was inveighing against political interference and political control, why he did not apply those principles to the appointment of the first trustees themselves. The trustees are to be perpetuated by a system of panels, but the first trustees are to be appointed by the government, and the trustees are to be more or less self-perpetuating because when one of them retires the two who remain are placed on the board choosing the panel which selects the other trustee. Consequently, if this bill goes through as it is, it puts it in the power of this government to say who shall be the trustees not only for seven years but for a great many years to come, probably for generations to come. With that I disagree. I think that if political interference and political influence in successive appointments is bad and should be eliminated, it certainly is bad for the first appointments, and I agree with the hon. member for North Waterloo (Mr. Euler) in the argument he made in that regard.

I just want to make this statement, which may be interpreted as political. I have not as much confidence in this government in the matter of appointments as I had a year ago, and I will tell you why I say that, Mr. Speaker. In the report of the radio committee there was this paragraph:

> We desire to call attention to the extreme importance that the commission should not assume, or even be suspected of assuming, a political complexion.

And yet a Conservative organizer was appointed as one of the members of the radio commission. Therefore we on this side of the house are within our rights and have reasonable grounds when we say we fear political influence in the appointment of these first trustees, and I think some amendment to the act must be made—

Mr. MACKENZIE (Vancouver): And in connection with the tariff board too.

Mr. ILSLEY: Yes, in connection with the tariff board as well. Some amendment must be made to the act which will ensure that

the first appointments as well as the successive appointments of these trustees will be taken entirely out of politics.

As to the qualifications of the trustees, I do not think I could improve upon those stated by the hon. member for North Waterloo. They should be men of ability; they should be men of integrity; they should be men who believe in public ownership; they should be men with a high sense of public service. The hon. member for Stanstead (Mr. Hackett) thinks that they should not be men who believe in public ownership. He suggests that men who do not believe in public ownership should be put in charge of a government utility. The likely result would be that in time you would have nothing more or less than disaster.

As to the number of trustees, the Prime Minister says that they should be three, and I am not disposed to disagree with him. But in saying I agree they should be three, I mean three operating by a majority. The Prime Minister made a comparison this afternoon with courts of appeal, but I do not think anyone in this house ever heard of a court of appeal in which a majority judgment had to be concurred in by the chief justice. Did anyone ever hear of a court of appeal of that sort? No reason was given by the Prime Minister for the extraordinary provision in the bill that the decisions of these trustees must be concurred in by the chairman.

I believe also that the three trustees should be full time men. I see no reason why the chairman should be a full time man and the others work intermittently only. In passing, I may say that I do not agree with the geographical selection of these trustees. In respect possibly I am at variance with the opinion of a large number of persons in the maritime provinces from which I come, but I feel that those sections of the country which have claims to consideration based upon statutes and upon understandings in the past ought not to have to rely for fair treatment upon their voting power on this board of trustees. I think the maritime provinces would be ill advised to rely upon the vote of their member on that board of trustees for a preservation of their interests. They must rely upon the fairness of the men who constitute the board, upon the justice of their cause and upon the ability with which the cause is presented. They cannot do more than that.

While I am speaking about the maritime provinces, and since the hon. member for Queens-Lunenburg (Mr. Ernst) mentioned the subject during the debate, let me say that as far as the maritime provinces as a unit are concerned, their rights in respects to the Canadian National Railways centre around two points, and I think two only, the first of which is the preservation of the status of the Intercolonial railway. That is provided for in the British North America Act, and cannot be reasserted too often, particularly in view of the fact that our population is dwindling, in proportion to that of the rest of Canada. The second point is the recognition of Canadian ports, which is implicit in the confederation agreement, has been recognized by statute since that time, and constitutes a moral obligation upon the whole nation. I notice the hon. member for West Lambton (Mr. Gray), my deskmate, smiles when I make that statement. With all due respect for him, I cannot agree with the argument he advanced two or three nights ago in his very brilliant speech, although there is something to be said for his contention that the insertion of the section at the particular place in which it appears in the bill is hardly in keeping.

Let me come to what I consider to be and submit is the greatest weakness in the bill before the house. I refer to the provisions with respect to control or lack of control by the government and parliament of Canada over the trustees. I am sure hon. members on both sides of the house who have read the provisions carefully, and have given them careful thought, will agree that we are going far beyond the point we should go in placing trustees in control for so long a period. To a great extent they are a self perpetuating body, and are placed entirely beyond our control. Beginning his speech to-day the Prime Minister made the statement that in view of the fact that the Canadian National Railways owes the investors or the public about $1,300,000,000, and that the system itself—and I doubt it—is not worth more than that, the Canadian National system, in his view, is no longer the people's railway and in substance belongs to the investors. It must have been apparent to every hon. member that there were two weaknesses in that argument. The first is that most of the bonds of the Canadian National system are guaranteed by the government of Canada, and that the loans on the security of those bonds were made, not on the assets, not on the security of the properties themselves, but on the credit of the people of Canada. The government of the dominion is responsible for the payment of nearly all of those bonds, and consequently if these trustees are to be regarded as receivers—and I do not admit that they are, but if they are appointed and put into possession of those properties as receivers—they are to act on behalf of and for the benefit of the people of Canada who

on that very argument are, in substance and in effect, the owners as guarantors.

But later the Prime Minister made reference to the equity of redemption. I do not believe anyone can say, with assurance, that there is no value in that equity of redemption. So that the people of this country either as guarantors or as owners of the equity of redemption are the owners of this property, and those trustees or receivers whom it is proposed to put into possession of the property will receive the moneys that are receivable from the properties, and will manage them on behalf of the Dominion of Canada. And it follows that the people of Canada, whom we represent, must exercise, through us, some control over these men whom we put in charge. The Prime Minister went on, and having intimated that we had no right to control them, because they were acting for the investors and not for the public, said that it would never do to control them, because that would open up the danger of political interference. He made a vigorous argument to the effect that if the government could control the receivers or trustees, members would come forward saying they should have three trains a week instead of one, that there should be branch lines here, there and everywhere, and that such a condition would not for one moment be satisfactory.

Then, his third argument on the matter of control was that the government and parliament of Canada has absolute control over these receivers. Why? First, because parliament would have to vote the deficits and might refuse to vote them, and secondly that parliament might dismiss the trustees, despite the fact they had been appointed for seven years. In amplification of that argument he said that if the trustees did not behave, if they did not do what this parliament wanted them to do, there was nothing to prevent parliament passing an act for their dismissal. I submit, Mr. Speaker, that a set of inconsistencies such as I have outlined makes a very inconclusive argument in support of the provisions contained in part I of this bill.

It seems to me it would be fatal if trustees are appointed with the fear in their minds that if they do not behave or do not meet the wishes of the government of the day, an act of parliament is likely to be passed to relieve them of their positions after three or four years of service. If under the bill they are appointed for seven years we cannot, without a violation of all of the most generally accepted principles, do anything but leave them in their positions for the period for which they are appointed. Then, concerning the voting of deficits: Can you imagine this house declining to vote deficits, throwing the whole system into chaos, and tying up all the trains of the Canadian National railways in the Dominion of Canada? We would not do that for one moment. There is no effective control. The sanctions suggested by the Prime Minister are not effective sanctions; there is no effective control over the trustees.

His second statement—not the first or third, but the second—is the true one, namely that there is absolutely no control by this House of Commons, or the government of this country, over the trustees, once they are appointed. I realize we are confronted with a very difficult problem. It is hard to select a course which will be free from dangers and not beset with difficulties. If we can, to begin with we should get rid of political influence in appointments; in the second place we should get rid of political interference. But we must not surrender all control over the trustees. Do hon. members realize that under this bill the trustees could, if they wished, bring about the piecemeal amalgamation of the railways? Under this bill there is nothing to prevent the trustees from leasing the Intercolonial railway to the Canadian Pacific, and then coming in at the end of the year stating that they had done so. They have to present no budget to this House of Commons or to any committee of this or any other house. They can go on, completely free, and the government must sit back with its hands folded, or rather, tied, and let them do as they wish. The only control the government would have would be the refusal to vote deficits at the end of the year—which they never, never would dare to do.

The more we think of the implications of this bill, the more we see that some measure of control greater than that provided in the bill must be exercised over the trustees. There must be an amendment, and a radical amendment. Suppose trustees were appointed who made up their minds that a course of lavish expenditures was necessary to put these properties on their feet. In the past we have had gentlemen connected with the Canadian National Railways who have held such views, and we might have them again in the future, men who believe that in order to get large returns, you must spend much money. What control would we have if they embarked on a course of great extravagance? Suppose we had penny wise and pound foolish trustees who were so niggardly that the road became worse and worse and the service went down and down? The house would be powerless; the thing would go on and we would not have a word to say. These principles have been

thought of in the past, and when parliaments were administering the property of the people they never surrendered all their powers as is being done under this bill. The reason given by the Prime Minister is that the commission has made this recommendation, but this is something about which the commission did not know as much as a good many members of parliament.

It is necessary to keep some control. What was the great weakness in the Canadian National Railways during the last few years? Was it the exercise of political control, or was it a slacking off in the control exercised? A bureaucracy was established; that was the great difficulty with the Canadian National Railways, and that difficulty is not guarded against by this bill. I urge that that is a weakness in the bill which should be remedied before it is enacted into law. Parliament and the country will be caused great grief in the future if we do not insert in this bill some provision to give parliament greater control over the trustees.

Mr. ALFRED SPEAKMAN (Red Deer): Mr. Speaker, in discussing this extremely important measure in which is embodied many months of labour and arduous research upon the part of a royal commission and many weeks of careful consideration upon the part of the Senate and its committee, I must keep in mind, and we should all keep in mind, that under the rules of this house there are two distinct aspects under which it can be considered. While these two aspects are inseparable and interrelated, while they form two parts of the one whole, each must be discussed at its own time and upon the appropriate occasion. I intend to confine my remarks wholly to the underlying principles of this measure, leaving the discussion and consideration of the methods by which these principles shall be carried out until we are in committee of the whole.

As I see it, and I believe this is the feeling commonly held throughout the house, there are three main principles embodied in this measure. First, there is the principle, implied rather than expressed but discussed and agreed to on every side of the house, of maintaining the integrity of the two systems as separate entities. It may rightly be said, as it has been said, that this is a somewhat academic subject at the moment, that the time may come when it will become a matter of real consideration, so on that aspect I shall say only this: If and when the time does come that in the opinion of the people of this country and the parliament of Canada we should, for the well being of Canada, have one great railroad monopoly, I do not believe the people will tolerate anything other than a state monopoly. It is quite obvious, and it has been stated again and again, that there is a great difference in principle and in effect between a monopoly in the hands of the people and controlled by the state and a monopoly in the hands of a private body of citizens no matter how eminent or how desirous of doing right that body may be. Transportation is not only a business in itself, it makes possible all other business and all other enterprise. To create a private monopoly in transportation would be to create something in the nature of a giant octopus which would have the power, even though it might lack the will or intent, to strangle any industry or any community in any part of Canada. On the other hand, if a state monopoly became inevitable, it would be held by a body which represented every industry and every part of Canada and to which all of Canada could look with confidence for fair dealing and fair play. At this time I merely indicate as my own unalterable conviction, and what I believe to be the unalterable conviction of every man and woman in this country who has thought about the subject, that if the time does come that there should be an amalgamation of the two great transportation systems, that amalgamation must be a publicly owned monopoly operated by the state.

I come now to the next main principle, efficient management. Here again I find myself in accord with the measure now before us. This is a question of the transfer of management and operating responsibility from a large directorate exercising very small powers and having very vague and dubious authority, coupled with a president who exercises practically entire authority, financial as well as operative, to a small body of trustees, which would not only exercise the authority now vested in the directorate but have the financial control now exercised by the president. I did not intend at the moment to discuss the number of trustees that should be appointed. In spite of what was said by the Prime Minister (Mr. Bennett) in what I looked upon as a very able address, in spite of the pronouncement of the royal commission which examined into the facts, and in spite of the view of the Senate which examined into the evidence and drew their own conclusions, I am not at all certain that a somewhat larger body of trustees, possibly representative in character, would not be better and would not be more effective.

What is the underlying motive of this measure? What was it that made necessary the appointment of the commission, and what

interests should we have in mind in dealing with the situation? The deduction I drew from the statement and the attitude of the Prime Minister was that the one consideration which overshadowed all others was the financial aspect. The Prime Minister pointed out something which has long been in the minds of many Canadians, namely, the gravity of the financial situation in which the Canadian National Railways now finds itself and the serious condition which as a result faces the Canadian people. They find themselves in the position of debtors, either by way of direct obligations or by way of guaranteed bonds, to the extent of something like $2,300,000,000, a tremendous sum, almost inconceivable in the magnitude of the burden it places upon the people of this country; for after all when we speak of this liability it matters little whether we have reference to guaranteed bonds held in various countries and in different parts of this country by various private bondholders, or to the thousand million dollars or so which has been advanced directly by the people of this country, the major part of which was borrowed money upon which we are still paying interest. So I agree with the Prime Minister that this must be a very great factor in our consideration of the problem. We must consider the extent to which this burden may be carried and the means by which, if possible, it may be lightened. This is something which affects every taxpayer in this country; it will affect every taxpayer for generations to come. So it becomes the personal problem of every man and woman; it becomes the mass problem of the public generally.

But, Mr. Speaker, we would be not only derelict in our duty but would fail absolutely in an appreciation of the problem itself were we to stop there and look upon that as the only interest we had to conserve and the only aspect from which we must survey this situation. Those same people are just as vitally interested in this matter from the viewpoint of users of railway service. As users of railway service, as customers of the railway if you wish to so phrase it, practically everyone in every part of Canada, every industry, every vocation and every community, is more or less dependent, but still vitally dependent, upon transportation service for its livelihood and its prosperity. It is vital to them, in respect of freight and passenger rates, that these shall be reasonable and shall bear a fair relation to the value of the goods or commodities transported, or, in respect of service, that it shall be adequate and shall provide that which is necessary for the carrying on of their business, whether in buying or in selling. Strange though it may be these two interests, conflicting at times, are still the interests of the same people and must be considered by this house when dealing with the matter. It would be just as fatal were we to sacrifice the interests of the people in respect of freight and passenger rates and transportation service upon the altar of finance as it would be were we to forget the financial side. the tremendous burden of liabilities and the plight of the taxpayer, and consider only the needs of this country by way of transportation service. So both must be kept in mind and both are of vital concern in our consideration of this problem.

Then, too, for we are all interested in this question from various angles, we cannot forget the labour problem which is involved and which has been placed before this house so ably by different hon. members, particularly those who directly represent labour. We cannot forget the men who are and have been engaged in this great undertaking on both railways. We cannot forget the service they have rendered; we cannot forget their future, their families, their lives and their prosperity. Indeed, that also has its influence upon the public mind, upon the public as a whole and upon the taxpayer, because this problem of labour must be considered not only from the point of view of those men whose positions may be threatened; it must be considered from the point of view of the taxpayer, in respect of the tremendous problem of unemployment and unemployment relief which faces us to-day and which is becoming of greater and greater magnitude.

So I say, Mr. Speaker, that in examining this problem we must consider the various aspects from which it must be approached. We must not forget one of those different and sometimes conflicting interests which we must always have in mind, the interests of the men and women throughout Canada whom as a parliament we represent, and whom as individuals we represent by virtue of our individual ridings. Of that, however, I may have a word to say later. At any rate there is the second of the principles involved, the efficiency of management, and let me repeat that I believe in the principle of a relatively small body of trustees, devoting their whole time to the task and given as their responsibility the job not only of outlining the general policies and supervising the operations of the Canadian National Railways but of assuming responsibility for the financial policies of the system, the lack of which has been partly responsible for our present plight.

As to the question of the number of members of the board of trustees and the mode of appointment I shall have more to say. However, I consider this to be a matter of detail which can be well left to the time when the house is in committee, when it can be discussed with greater knowledge and greater result. In passing I will merely suggest not only that possibly a somewhat larger body of trustees might be more efficient and more representative, having in mind the various aspects to which I have already alluded, other than those financial, but that some consideration might be given the mode of appointment and particularly of reappointment, which has been said by the hon. member who immediately preceded me (Mr. Ilsley) to make the board of trustees at least partly a self-perpetuating body. I think when we reach committee of the whole some thought might be given that aspect of the question, and perhaps some definite changes might be made.

We come now to the third principle, and there again, speaking as a matter of principle only, I think there is hardly a member of the house who is not in full accord with the principle of reasonable cooperation between those two great systems. Again I am speaking of the principle of cooperation, not necessarily of the details of the machinery by means of which we seek to bring it about. This has been spoken of as a system of compulsory cooperation, and perhaps to some slight degree it might be so termed, though I should hardly call it such myself. It begins, of course, with the opportunity for and the suggestion of voluntary cooperation, the same principle which has been carried into effect during recent months, and the suggestion is that it be carried as much further as circumstances may reasonably permit. Then what? This legislation does not seek to give to any committee or to any appointed body the power to suggest and initiate cooperative policies. It really proposes to appoint a committee of arbitration, who shall deal with proposals which will be brought forward by one or other of the lines, or by both acting together, upon the details of which they fail to agree. If it were compulsory in the true sense of the word the legislation would give to that committee the power of initiating and suggesting methods of cooperation. This is rather a measure of compulsory arbitration on matters brought to the notice of the appointed board of arbitration by the railway systems themselves. I think the principle there embodied is perfectly sound. However, we must remember to differentiate very clearly and definitely between the principle and the method by which that principle is brought into effect. After all, as is the case in so many matters both public and private, the essential and vital thing is the spirit and the ability of the men who exercise those powers and who seek to put the act itself into full operation. The success of this movement, the success of any effort towards cooperation through the medium of this board of arbitration, will depend wholly not only on the mentality of the men who compose that board, but upon the spirit with which they approach their task, in which spirit may be reflected fairly closely the underlying motive and the real purpose which lies behind this measure and the entire investigation.

It will I think be recognized quite frankly and readily that all cooperation through which economies are effected must mean the reduction or the elimination of certain services. Where for example two lines are found where only one is required, and where in consequence operating costs rise far beyond the point they otherwise would reach, it is obvious that the only economy that could be brought about through cooperation would be by the abandonment or closing-down of one of these two lines. This is a case in which the arbitration board will come into play. Now we will take it that one of these lines must of necessity be a privately-owned line belonging to the Canadian Pacific and the other must be a Canadian National line belonging to or controlled by the people, and it is of the utmost importance, it is vital to the purpose of this measure, vital to the realization of our hopes and expectations, that these men shall approach their task certainly with an impartial mind, for the opportunities would be vast and numerous to throw the weight of influence and the benefit of the cooperation one way or another. We have therefore to ask this question and frankly face it: Is this economy to be for the benefit and in the interests of the Canadian taxpayer, or is it to be in the interests of vested capital? There is a matter that cannot be ignored, a matter that can be fully understood only when this measure is in operation. I am hoping that when it is in full operation at least fair play will be given both. But if there is to be a question one way or the other, if we have to balance and weigh one against the other, if we must help one to the detriment of the other, then I hope that it will be the Canadian people as a whole, the taxpayers of the country, who will receive the benefit of any doubt that may exist.

I speak of the invested capital as found in the privately-owned system, not as found in the publicly-owned system, because the bondholders of the publicly-owned system—and I still use that word owned for reasons to which I shall allude—the bondholders of the Canadian National Railways, I say, are in a preferred position in this time of depression. Theirs is not the responsibility; theirs is not the risk. In their case the interests of vested capital and the interests of the taxpayer become one and the same thing, because the taxpayer must stand behind the system, guaranteeing the returns of the vested capital itself. On the other hand however we have vested capital owned by bondholders and stockholders, and while I believe in treating them fairly may I reiterate that in the spirit of the measure, in the spirit of its enforcement, in the spirit of the arbitration which may come to pass from time to time I hope that the larger object will be kept in view and that the interests of the people as a whole will be the predominating and prevailing influence.

One or two matters have come up to which I would refer for a moment. There is for example the statement of the Prime Minister, at least the inference he drew, that the real owners of the Canadian National system, notwithstanding the opinion often expressed in different parts of this house, are not the Canadian people but the bondholders who have invested their money in those lines now forming the Canadian National railways, and the payment of whose interest on capital was guaranteed by the people of the country. I must confess that I find myself somewhat under a handicap in differing from the Prime Minister. Not only is he a man of great ability and wide experience but he is a lawyer of high repute, while I am a layman lacking his experience and, I am free to confess, his ability. But at the same time I cannot understand the position as he takes it. In the first place, and following his own argument, what do we find? We find that the bondholders have certain rights, certain vested interests in these lines. They do not own them; they are not shareholders; they have loaned money to them and have taken a mortgage, and until such time as they foreclose and throw the lines into the hands of a receivership, surely the people of this country who are now the shareholders must own the property. And until the people of this country default in their payment of interest, until they fail in their obligations, until they give notice that no longer will they be responsible, until then surely there can be no question as to who, actually speaking, are the owners of the property. When that time comes it will be a question indeed as to who may own the railways thereafter, after the receivership may have been called for; for, again, I cannot agree that the appointment of this board of trustees is in effect the appointment of a receivership to take over a ruined and bankrupt undertaking and if possible to set it on its feet, administering it in the meantime in the interests of those financially concerned. I cannot look on it in that light, because after all it is an undertaking vital to the wellbeing of Canada; it is an undertaking vital to the people not only from the point of view of finance but also from the point of view of service; it is an undertaking which under no circumstances will the people of Canada allow to stop or fail. We know that.

Now we are going to put these men in control for one purpose and one purpose only, namely, to serve the interests of the true owners of the railways, and that is the Canadian people from Halifax to Vancouver. That brings me to the point raised by the hon. member for North Waterloo (Mr. Euler) and to which exception has been taken by some others, and that is, the attributes, the point of view, the mentality which we should look for in our trustees. The hon. member for Stanstead (Mr. Hackett), I think it was, rather objected to the idea that we should expect these trustees to be believers in the principle of public ownership, and he suggested that this was no part of their qualifications into which we should inquire. Were he speaking of the railway commission, whose functions are judicial, whose duty it is to act impartially as between public ownership on the one hand and private ownership on the other, I should be inclined to agree with him. Were he speaking of the arbitration committee which will be set up and whose duties, again, are impartial and cooperative, I might say yes. But when he is speaking of a body of trustees whose duty and responsibility it is to manage for the people of Canada a property entrusted to their care, then I take issue with him. For who are their employers? The people, all the people, and their interests must be served. But how can their interests be well served by men who do not even believe in the principle under which they are employed? How can the interests of a railway still in competition with a private road be properly served by a body of trustees who disbelieve in the principle under which the lines they control are managed and run, and who in their hearts incline towards the principles of the competitive

line? To my mind it is essential that the men we employ to take over this high and arduous task should be men in whose loyalty we can have absolute confidence—in their loyalty not only to the financial interests bound up in the Canadian National, to their immediate employer, the government or parliament, or their ultimate employers, the people, but to a principle which alone gave them their opportunity of service.

Another important point has been raised, upon which there is some difference of opinion, and which becomes of even greater importance as we go further into the question. This is the matter of political interference. It has become habitual in the house and, indeed, throughout the country, to look with shuddering horror upon the slightest approach to political influence or interference in matters of business. The conviction is apparently held not only in the country, but in the house, that the moment a politician lays his blighting hand upon any enterprise, it is damned and doomed to failure. If that be true, it is a tremendous indictment not only of the individual members of the house, but of the very system which sends them here. If it be true, it means that the fact that members are elected to this house of parliament, the fact that they belong to institutions such as this, so unfits them for any other task that any business matter they approach will be managed inefficiently and is bound to fail. Leaving that aside, I believe there is an important distinction between what might be called partisan influence and interference and political influence properly so termed. I believe as firmly as does any man that in any business matter with which we have to deal we should utterly divorce ourselves from any considerations of partisan complex. Party politics, feelings and influence, as distinct from political influence, are wholly bad when applied to public business. But that surely does not mean that this government and parliament shall totally abandon and abrogate all their influence, all their responsibility, in connection with a tremendous undertaking of this nature, one belonging to and to be managed and conserved in the interests of the Canadian people, the people whom this parliament represents, parliament to which the people look for the protection of their interests. Surely there is a wide distinction between partisanship, partisan interference, and a recognition of the vital and inescapable responsibility which must rest upon the administration and upon parliament in respect of any publicly owned and operated utility. As a matter of fact, while the Prime Minister emphasized the necessity of placing this board of trustees beyond the reach of political exigencies, of parliamentary influence, in almost the same breath he admitted and laid emphasis on the fact that in any circumstances, under the very terms of our constitution, the very terms on which any board of trustees must be appointed and money must be granted, the essential and fundamental responsibility of parliament must and shall be maintained. I am in agreement with the hon. member for Hants-Kings who preceded me. I believe we should make it very clear in legislation that ultimately the responsibility, the influence, the enacting of policies in the large, not the ordinary policies of management, but generally speaking the oversight of the policies of this country in respect of transportation matters, should be held, and if necessary, exercised by parliament. For, after all, we speak of the efficiency of certain men in carrying on a business of this character, and, as I suggested before, were that efficiency directed only towards one objective, were only one interest involved; were only one point of view affected; were only one objective sought, that of making the business financially sound, I would say that perhaps three, four or five efficient, honest, experienced business men might do better than has parliament at times. But that is not the only point. Transportation is so vital to every part of Canada, to every industry, that parliament cannot evade some responsibility as regards its general policies. For transportation may make or may damn a community; it may build an industry or destroy it; it may open up new territory or cause bankruptcy in and depopulate areas already settled. It may do almost anything. Next to finance, transportation is the lifeblood that makes industry, commerce, the life of the country, possible, and to my mind almost more than any other question it is one not only in which everyone is interested and vitally concerned, but in which parliament in the ultimate analysis must have the strongest and the final voice. For parliament cannot sit by and see any industry ruined, any part of the country depopulated by a body of business men, even though, in that depopulation and in that destruction, deficits are reduced and dividends paid.

But in my opinion there is one aspect that cannot and should not be forgotten. We speak of the solution of this great railway problem; we appoint commissions and we study and consider the question. We seek through legislation to remedy existing ills and to set the

system on its feet and make it financially sound. To my mind the transportation problem is caused by and inseparable from economic conditions as a whole throughout Canada, and it is no more possible to solve the transportation problem without dealing with it as part of a general policy of rehabilitation, and first removing the causes which have brought transportation into the position it now occupies, than it is to solve the problem of unemployment merely by tackling it as a problem by itself. Upon what is the problem based? There are two factors. Undoubtedly there was unwise expenditure, unnecessary competition, foolish duplication. All of those are assuredly factors. But what is the great and underlying factor? Why is it that four short years ago this house and the country acclaimed every new loan and the president of this great company, the Canadian National Railways, was looked upon as the greatest man in Canada no matter what he spent; that he was encouraged, urged to spend more money because then times were prosperous and we looked to repay and more than repay all that had been expended? Now he has dropped into the shades of oblivion; the system is frowned upon, damned and indicted. Why? Because the freight which supports and makes profitable any system, upon which any system must depend, is lacking; because tonnage is cut in half or no longer found. You can no more solve the railway problem until you have adopted policies which will bring tonnage back; you can no more make the financial structure of the Canadian National sound and profitable until the condition of the people is improved, than you can remove unemployment without rehabilitating industry. The thing is impossible. To my mind one danger is that we ourselves shall look with too great optimism towards what might be done by any form of management, however high its degree of efficiency and its practice of stringent economy—that we shall look to see miracles performed. In the second place, the danger is that we shall go to the people of this country and say: "Lo, the railway problem is solved, the legislation is passed, the foundation is laid for prosperity and future progress for our transportation system," when we know in our hearts, and should never let the people forget, that whittle where you like, manage the system as efficiently as archangels could, it will not prosper until the people of Canada are prosperous. The system is just part of one great whole; and that is the culminating thought which I should like to leave upon the mind of the house. It is a part, an important part, but only a part in this general problem of economic depression which now faces us, and the danger is, and it is a danger against which we must guard, that in this surge of enthusiasm, this determination regardless of all consequences and of every condition to make the system finnancially sound, we may do far more harm than good, we may so cut and mangle and destroy essential services that rehabilitation may be delayed or rendered impossible. I think that is one thing, Mr. Speaker, to which we must pay the greatest heed; for the saving of a few million dollars a year at the expense of deepening the depression in industry and agriculture would be a saving dearly bought, one which in the years to come might cost us fifty times the saving thereby accomplished. Reasonable economy, yes; reasonable cooperation, yes; but in our financial zeal do not let us forget that the primary function of a transportation system is to serve the communities of this country and to make possible the interchange of commodities between one industry and another. If in dealing with the relatively superficial and inconsequential we destroy the fundamental, then indeed, Mr. Speaker, we have wrought ill for this country.

May I say, in conclusion, that, endeavouring as I have to deal only with principles, I have indicated that I approve of maintaining the present integrity of the national system, that I approve of a more efficient form of management, and I believe that the trustee form will be more efficient. I approve of cooperation and arbitration, and so I shall vote for the second reading of the bill, reserving to myself without prejudice the right to discuss and oppose or support the details of the legislation when the bill is in committee, and to consider it in its final form when it comes up for third reading.

Mr. J. H. MYERS (Queens): Mr. Speaker, in rising to say a few words on this important question I assure you that I do not do so merely for the purpose of prolonging the debate. I would much rather see the debates cut short and that we get along with the business of the house and wind up the session and get home, but the importance of this question I believe demands the very best attention of which every member of this house is capable. In the few remarks I intend to make I may follow a somewhat different line from that which has been pursued by almost all the members who have preceded me, except perhaps the hon. member for Red Deer (Mr. Speakman) who has just taken his seat. I always enjoy listening to him; for even although he is not a lawyer he usually has something of a practical nature to put before the house. In the few remarks I intend to make I shall discuss the railway

situation somewhat along the same lines as those followed by the hon. member for Red Deer, dealing with it more from the standpoint of transportation as a service to the country than anything else.

The bill now before the house is based upon the report of the Duff commission. Enough already has been said about the constitution of that commission, the work it did, and the report it presented; I shall therefore not occupy the time of the house by reiterating what has been said in that respect. I have given the report a great deal of study and thought, and after stripping it bare and divesting it of all the frills, I find that three outstanding facts remain and refuse to be set aside.

The first fact is that we must always have railways in Canada. Geography itself says so. Our wide open spaces, the long distances, and the heavy commodities of farm and mine and forest, which can be moved only by rail transportation, make it necessary that we always have railways in this country.

The second fact is that motor transportation has come to stay, and it must be dealt with as such.

Third, and I am free to admit the most important fact of all, is that the taxpayers of Canada cannot long continue to pay every Saturday night a deficit of a million dollars on the Canadian National Railways.

The bill that is before the house is an attempt, I take it, to coordinate and amalgamate and bring together into one scheme the three facts which I have just mentioned. Just before I left Prince Edward Island to attend the present session of parliament I was asked to address a meeting of the railway employees of the city of Charlottetown. They were gathered together in their hall, and I received very short notice. I had no knowledge of the object of the meeting, nor did I know upon what subject I was expected to address them, but as the meeting opened this piece of paper was put in my hand, from which, with your permission, Mr. Speaker, I shall quote a brief paragraph which sets forth what I conceive to be a worthy object on the part of the railway employees:

> It is the object of this Traffic Club to unite all the employees and retired members on the island division of the Canadian National Railways, that they may work together and be of valuable assistance to the railway in its struggle to regain and retain its lost traffic from the various kinds of motor vehicles that have by means of very unfair competition made such inroads on its revenue. Transportation being the only goods we have to offer, it is our desire that we give same at a reasonable rate together with best possible service an up-to-date transportation company composed of a loyal bunch of workers can give.

[Mr. Myers.]

In other words, transportation is what we have to sell; let us go out and sell it. That was the object of the meeting of railway workers in the city of Charlottetown the day before I left home. I want to say for them, and I presume I am speaking for all railway workers throughout Canada, that they are absolutely loyal to the railways; their heart and soul is in their work, and, as is characteristic of railway men wherever you meet them, they hate the motor truck. It was their object to endeavour to secure for the railways that business which had been lost. In rising to address that meeting I prefaced my remarks by stating I had certain things to say to them with which I did not expect them to agree. I knew I was addressing railroaders, and it is my habit on every occasion to speak just exactly what is in my own mind, and not what is in the mind of somebody else.

In this connection I should like to quote one or two passages which I believe will bear out what I have said and will have to say with respect to the transportation system in Canada. At the end of paragraph 157 of the Duff report I find the following:

> Since any measures looking to a revival of trade are beyond the scope of the commission's inquiry, we pass from this topic with the observation that an increase in traffic of even twenty per cent above the figures for 1931, which would still be below the gross earnings for 1925 would result in substantial improvement in the railway position in Canada.

Hon. members will note that there is reference to a twenty per cent increase in freight handling. Then, in paragraphs 188 and 189 we find the following:

> 188. While we have refrained from making any recommendations we recognize that the question of freight tariffs and tolls is inextricably bound up with the question of transport. The position at the moment, however, is difficult and complex. It has been represented to us by many competent witnesses that any increase in tolls would only impose a further handicap on the Canadian manufacturer and producer at a time when they can least afford to shoulder additional burdens, and that the increased tolls might have the effect of so restricting traffic as to afford little, if any, relief to the railways.
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> 189. It would appear that, at the moment, any adjustment of the freight tolls and tariffs would be inadvisable, but we feel it our duty before passing from this question, to express the view that even under more favourable circumstances the financial position of the railways may be such as to demand that the whole question of tariffs and tolls, in its widest sense, should be the subject of special investigation, with a view to determining whether or not the existing tariffs and tolls charged for the conveyance of freight are just and reasonable both to the railways and their customers.

You will notice, Mr. Speaker, the statement is made that a twenty per cent increase in the volume of freight traffic would make a great difference to the railways. Have the railway managements up to the present time made any attempt by a modification of their cast-iron rules to secure that twenty per cent increase? I believe the house will pardon me if I relate some circumstances concerning shipping conditions under which we in the province of Prince Edward Island laboured during the last season. By reason of the high duty on potatoes going into the United States, and because the Cuban market was closed to our products, we were forced to look elsewhere for our market. That market we found in central Canada, Ontario and Quebec. When we began to look around for means to move our crop to the Canadian market we found out, due to the fact that potatoes were very cheap, and that the consumer owing to curtailed buying power was not in a position to pay a high price for our commodity, that if we were to live at all it was necessary for us to get those potatoes to the market in the very cheapest possible way. The freight rate by rail on potatoes moving from Prince Edward Island to Montreal is thirty cents per hundred pounds, thirty-three cents to Ottawa and thirty-eight cents to Toronto. But we found last fall that by using steamships we were able to move our potatoes to the market in central Canada for about twenty cents per hundred pounds. For the first time in the history of my section of the country steamers left Prince Edward Island and proceeded up the St. Lawrence river to Montreal and Toronto. I should like hon. members to know that that is neither a popular nor a profitable way of transporting potatoes. Neither would it be at all necessary for the railways to meet the waterborne freight rate. The farmer or the shipper likes very much to have a railway car pull into his siding so that he may pile in his 500 sacks or 650 bushels, which go to make up the carload of potatoes. He likes to pile them in, neatly and snugly, close the doors and send the car through to its destination. At that time of the year those potatoes will leave the car in exactly the condition in which they went in.

That is not the case with potatoes carried by steamship. In the steamship there are from 40,000 to 60,000 sacks, and hon. members will readily understand that in loading, unloading and storing a cargo of that size some damage must result. Many potatoes are bruised, and a great deal of damage takes place. In my opinion by a very slight concession or a slight reduction in the rate for the time being the railways would have had no difficulty in securing a twenty per cent increase in freight handled, and our section of the country would have been put in a much better condition.

I should like to say a word concerning the manner in which shippers and farmers are treated when they load cars. If a shipper is loading a steamer for Cuba, the railway company will allow him the use of cars for ten days. That is, cargoes may be assembled from the different railroad stations throughout the province and brought to the seaport. Under these circumstances no demurrage is charged during a ten day period. But for some reason which I cannot understand, and which I doubt whether any other hon. member can understand, when we seek to ship potatoes either to the United States or to another part of Canada, we are allowed the use of the cars for only five days. The assembling of a large cargo of potatoes consisting of 50,000 or 60,000 sacks requires a great number of cars and takes considerable time. A steamer is not like a railway train; it does not always arrive at its destination at the time expected. Storm or accident of some kind may intervene, and it may be one, two or three days late, but only five days' use of the cars is permitted. Last fall our shippers sent a delegation to the head office of the Atlantic division at Moncton to ask that they be allowed ten days' use of the cars in loading steamers, but they were met with a blank refusal. If the general manager, Mr. Appleton, had been home at the time I think their request would have been successful, because we have always found him very obliging and willing to meet our wishes. However, he was not there, and this delegation met the freight or traffic manager who gave them a blank refusal. The result was that the shippers had to unload their cars into the freight sheds, which entailed a second handling at extra expense and with additional damage to potatoes. Some of the shippers were so vexed about the matter that they moved their potatoes to the seaport by motor truck instead of using the railway.

There is just one other matter about which I should like to speak, and that is the freight classifications. The hon. member for Red Deer said that transportation is the most important factor in the life of a country. There is no denying that, but what is the use of having transportation facilities if they are not available in such a way as to be best suited to those whose business it is to use them? A short time ago I was talking to a gentleman engaged in the building

supply business. He sells all kinds of lumber, brick, cement, windows, doors, and so on, and he was telling me of his shipping troubles. An owner or a contractor would come to him with a bill of material for a house he intended to build, and ask that that material be put in a car and consigned to his railway station. Because of the rigid classification this man found that he could not ship brick or cement with lumber, or windows and doors with scantling, that the shipment would have to be broken up into the different classifications. It would take nearly a whole train before the man could get what he wanted. In this connection I should like to quote from section 155, subsection 5 of the Duff report, as follows:

> Inelasticity of freight rates and railway practice generally which prevents prompt action in the meeting of falling revenues and dealing effectively with competition from other forms of transport.

The classifications may have been all right at the time for which they were made, but that time has long since gone by. We are now faced with the competition of the motor truck which knows nothing about classification of freight. It will back up to your warehouse and take brick or cement or lumber or anything you offer, and if our railways are to survive they must meet this competition upon common ground. Transportation is what we have to sell, so let us go out and sell it.

I should like to quote a few figures in support of what I have said. Looking over the carloadings, I find that the total for the year ended December 3, 1932, was 2,041,755. In 1931 the carloadings were 2,406,189 and in 1930, 2,959,597. Miscellaneous freight showed the largest decrease, 157,105 cars or 26 per cent. Merchandise declined by 85,442 cars or 11·9 per cent. These figures go to show that miscellaneous freight and merchandise are most easily affected, or shall I say, most easily offended by the classification rules now in existence on the Canadian railways.

Under the bill now before us it is proposed to set up a new board of trustees. A great deal has been said on this matter by hon. members who have preceded me. The bill calls for three trustees. Some members would like to have five, and the hon. member for Muskoka-Ontario (Mr. McGibbon), who always takes a keen interest in railway matters, expressed the opinion yesterday that a board of two with one dead would be the ideal board to manage the railway. My own view in this matter is this: If it were possible, and it probably is not, I should like to see not less than nine members on the board so that every province might be represented. I am democratic and I do not believe in taxation without representation. However, this matter has been carefully considered by the Duff commission and by the upper chamber, and a board of three has been practically agreed upon. A great deal has been said as to who and what kind of man the chairman of this board should be. Some members express the opinion that he will have to be a superman. It is my opinion, Mr. Speaker, that whatever else he may be he must be a sensible man. The idea that seems to permeate the speeches in this house is that above all other things the chairman of the board must be able to save money. In part I agree with that. He must have the ability to save money; he must have due regard for economy on all occasions, but above that there is one other qualification which to my mind is more essential, and that is his ability to go out and get business. Transportation is the only commodity he will have to sell; let him go out and sell it, not according to any rigid, cast-iron classification rules but in the way that will be easiest and most beneficial to the patrons of the railway.

In passing I should like to say just a word with reference to the present directors, who will soon be retired. They have been in office only a short time, but I believe that during the last two years they have played a very important part in the history of Canada in regard to transportation. I think they have done wonderful work in cutting down the expenses of the railway and trying as far as humanly possible to make revenue and expenditure come close together.

The other evening my hon. friend from Queens-Lunenburg (Mr. Ernst), speaking on this bill, expressed the fear that his branch line might be almost entirely cut off, and that the fishermen in his constituency would not be able to get their fresh fish to market. The hon. gentleman has my sincere sympathy, and I want to advance the opinion which has been very well expressed by the hon. member for Red Deer, that service is the prime factor. We must have transportation, and if any service of the kind mentioned by the hon. member for Queens-Lunenburg is unduly curtailed I believe it is the duty of the railway company to see to it that something is substituted. I know something about the fishing business, and I know something about the shipping of fresh fish to market. We have a number of shipping stations in my province, and rapid transportation is the one essential for those who are engaged in the fishing industry. The railway might very well study the question of putting on properly equipped motor trucks to convey the products of the fishermen to the nearest railway centre, if

railway service from any point such as this is to be curtailed. The fishermen have it pretty hard. If there is one class in this world for whom I have had great sympathy during the past two years it is our fishermen. I have seen them landing the very best codfish that can be taken on the Atlantic seaboard and selling them for less than one cent a pound, and the same applies to mackerel. It is the duty of the trustees, I submit, whoever and whatever they may be, to look after the business interests of the farmers, the fishermen, the lumbermen and all others engaged in the primary industries of this country.

I should like to say just a word with regard to that old question in the maritime provinces, the Intercolonial railway, which already has been referred to by other hon. members. It is well known to every member of this house that this railway was the one inducement which prompted the maritime provinces to enter confederation. They were told that they would be linked up with the markets of Canada, in lieu of the markets they were losing along the Atlantic seaboard, by a government owned railway. Up to the present time we have been fairly well treated, and I do not believe we will receive any different treatment from the new trustees. However, I should like to throw out this hint to the Minister of Railways, and to the new board of trustees: The one thing for which we will not stand is interference with our railway rights in regard to the Intercolonial system. It is true that this line has been merged with the Canadian National Railways, but it is vital to us, and any attempt to curtail our rights in that regard might be misconstrued and might lead to trouble in the maritime provinces. I have no fear of this happening, however. I believe the new trustees will be sufficiently broadminded to take all these questions into consideration and give fair play to everyone.

I am almost finished, Mr. Speaker, but there is one other point on which I should like to touch. I can hardly believe that in a young, vigorous and growing country such as this the railway problem is absolutely hopeless. I believe that in a short time we will see a return to prosperity and good times. I cannot help but feel that way, and I believe our railways and our railway employees will be all busy again. It is quite true that when the government attempted to weld into one system the various railways now comprising the Canadian National the roads were in a run down, worn out condition. That is not so to-day. There is no doubt that to-day the Canadian National is a fine system. The roadbed is good, the rails are good, the rolling stock is good and the men are right, and I believe there are better days ahead. It may be true that, as the Duff report says, the red thread of extravagance showed up a little in the past few years, but money was plentiful then and to show for it we now have a fine railway system of which we all should be proud.

In this connection I should like to refer to the hotels owned by the Canadian National. I thought from the very outset that the idea of a railway building and owning hotels in Canada was a huge mistake. It has not been done in the United States; the railways in that country do not own hotels, and I know of no country other than Canada where this has been done. However, we have them now and it is up to us to make the best of them.

I should like to touch on just one other point in conclusion. In reading the proceedings of the Senate committee which dealt with this bill I notice a reference, by one gentleman who gave evidence, to our little hotel in the city of Charlottetown. I resent the remarks that were made on that occasion. This gentleman said we had a hotel that was out of all keeping with the province; that it was so grand and so elaborate that the natives of Prince Edward Island were afraid to enter it. Nothing is further from the truth, Mr. Speaker. In Charlottetown we have a nice little one hundred room Canadian National hotel, and from the standpoint of earnings I think it is about fourth in the system, although it has been in operation less than two years. I can assure you that hotel is well patronized by the people of Prince Edward Island and by the tourists who visit the province in the summer time. During the winter a great many citizens of Charlottetown take up residence in the hotel and they invite their friends and entertain them there so that the hotel gets the benefit of that patronage. There is scarcely a club of any note in Charlottetown that does not hold its meetings in the hotel, giving it full patronage, and a great deal of the success that has been achieved by the hotel is due to the efficient manager we have in charge. I resent therefore the slighting remarks that have been made with regard to our little hotel in the city of Charlottetown.

I have spoken at greater length than I intended to. The bill before the house has been very carefuly considered by the Senate; that body has given it a great deal of consideration and it met with the almost unanimous support of the opposition in the red chamber. I consider therefore, taking it all round, that the bill in its present form is quite satisfactory and it is my intention to vote for the second reading, reserving the right, as the bill passes through its various stages, to criticize any part of it which I think calls for criticism and to support those parts of it which in my opinion are worthy of support.

Mr. WILLIAM DUFF (Antigonish-Guysborough): This bill, the second reading of which we are now considering, has come to us from the other house of this parliament, and strange as it may seem it was sponsored by the leader of the government in that chamber. I listened the day before yesterday to the Minister of Railways (Mr. Manion), when he moved the second reading of the bill, giving a detailed statement with regard to the Canadian National Railways, and I am sure we were all very much interested in what he said. If I might criticize his speech I would say that while he gave details regarding the operations of the Canadian National system and the money which had been saved during the last year or two, he failed to say very much with regard to the clauses and the parts of the bill which we are now considering. I also listened this afternoon to the speech of an hour and a half made by the Prime Minister (Mr. Bennett) in reply to the leader of the opposition (Mr. Mackenzie King). What a difference there was between the optimism of my hon. friend the junior member for Queens (Mr. Myers) and the pessimism of the Prime Minister! I could understand that either the junior member for Queens or myself might be pessimistic with regard to the present condition of that great system known as the Canadian National Railways, but it seems to me that if there is any man in Canada who should stand up in this house or in the country and make an optimistic speech, telling us of his hopes for what may be accomplished in the future so far as that railway system is concerned, that man is the Prime Minister. We listened to the lamentations of Jeremiah for an hour and a half this afternoon. Jeremiah, you remember, was a prophet of old, and in his lamentations he talked about the sins of the people. As the Prime Minister proceeded this afternoon he did not talk about the sins of the people but the inference that was to be drawn from what he said was that he was talking about his own sins and the sins of his government.

What did the Prime Minister say with regard to this great enterprise in which the people of this country have invested large sums of money? He practically said that if it were not for the fact that the government of this country was a shareholder in this great venture the business would be bankrupt. Indeed, he was not content with suggesting that the Canadian National Railways were practically bankrupt but he also went on to say that because of the advances made to the different railways in the past, the railways comprising this great system, the provinces would be almost as bankrupt as he tried to make out this country to be. Surely in spite of the fact that this country has advanced large sums of money to this railway system, we in this dominion with its great resources, and with the great possibilities which there are for business, should not belittle the enterprise and talk pessimistically about the money which it owes to bondholders scattered, as the Prime Minister said, throughout the world.

I have sat in this chamber for a number of years; if I remember rightly this is my seventeenth session.

An hon. MEMBER: Eighteenth.

Mr. DUFF: Thank you, eighteenth. I sat here from 1923 to 1930 and I looked in the faces of my good friends opposite during that time. I looked in their faces when the committee on railways brought in their report, and when the estimates for the Canadian National Railways were laid on the table of the house and discussed; and unless I am getting old and am very forgetful—though I think my memory is as good as it has ever been—I do not recall hon. gentlemen on either side getting up to object to any great extent either to money spent on capital account for the Canadian National Railways or to money voted for current account. In 1929, in 1928, in 1927 or in previous years did we come here and, like the Prime Minister, bewail the fact that the railway was in such a deplorable condition? What is the reason for the present position not only of the Canadian National Railways but also the Canadian Pacific so far as operation is concerned? The Prime Minister should be the last man in this house to say very much about it. It seems to me he should go away back and sit down after all the promises he made in 1930, when he realizes what has happened not only in connection with the railways of Canada but in connection with business generally throughout the country, as a result of the policies of the present government.

Some hon. MEMBERS: Oh, oh.

Mr. DUFF: My hon. friends laugh.

Mr. ROWE: What about 1925?

Mr. DUFF: In that year the Canadian National Railways earned almost enough to pay interest on bonds to the public.

Mr. ROWE: I mean the promises of 1925.

Mr. DUFF: All that is wrong with the railways of Canada at the present time, and I am speaking of both systems, is lack of business; they have not as much business as

they had in the past. Give us freedom of trade; let the products of this country move back and forth over the lines of the Canadian Pacific and the Canadian National Railways. Let us sell our surplus products in the markets of the world and we shall have business for the railways of Canada not only from Vancouver to Halifax but also from these points to the central and western provinces.

This afternoon the Prime Minister, in his references to these railways, endeavoured to give us their history and to tell us what had brought about the present amalgamation of the various units which comprise the Canadian National Railways. Again we had the lamentations of Jeremiah, and he bewailed the fact that there were three transcontinental systems. I can understand that the Prime Minister would have been satisfied, not only now but years ago, if there had been only one transcontinental system, but the Canadian people, realizing that this was a great and growing country, decided that there should be more than one transcontinental railway and that there should be competition in railway matters. Therefore, whether we like the situation or not, we surely must not criticize either the provinces or previous governments if they in their wisdom saw fit to guarantee the bonds of the Canadian National Railways or to advance moneys in subsidies for the building of those lines.

Mr. McGIBBON: The hon. member says that we should not criticize previous governments. I say: Why not?

Mr. DUFF: I am afraid my hon. friend did not catch my point.

Mr. McGIBBON: I did.

Mr. DUFF: What I say is this: The Prime Minister complained bitterly because Sir Wilfrid Laurier had built the Transcontinental and the Grand Trunk Pacific. If I remember my right hon. friend's words correctly, he said that he could not understand how Sir Wilfrid Laurier could have done this. I do not think it lies in the mouth of the Prime Minister to go out of his way in order to bring Sir Wilfrid Laurier's name into this discussion. To do so is absolutely unnecessary and out of place for him, but we must not forget that Sir Wilfrid Laurier held two general elections with regard to the building of the Transcontinental and the Grand Trunk Pacific, and Conservatives and Liberals united in backing Sir Wilfrid and giving him a mandate to go ahead and build those lines. Will my hon. friends from the maritime provinces object to the construction of the Transcontinental and the Grand Trunk Pacific, because we had hoped that by the building of those lines a greater flow of traffic would come to maritime province ports? The Prime Minister waxed very indignant when he talked about the three transcontinental systems; he said that he could not project the mind of Sir Wilfrid Laurier in what he had done in regard to the Transcontinental railway. Sir Wilfrid Laurier had vision. Surely there was more reason for Sir Wilfrid Laurier in 1904 to promulgate the building of the Transcontinental than there is for the present Prime Minister to talk about the St. Lawrence waterways. When he comes before the house this afternoon with his tongue in his cheek and talks about the terrible financial situation of the railways of this country—

Mr. SPEAKER: I do not think it is a proper expression for the hon. member to use to say that the Prime Minister comes before the house with his tongue in his cheek. I would ask him to withdraw it.

Mr. DUFF: If you think I am out of order, I shall be delighted to withdraw it.

Mr. SPEAKER: I am sure of it.

Mr. DUFF: Perhaps I can say, with his tongue in his mouth? It is rather strange for the Prime Minister to criticize either the expenditures with regard to the building of the Transcontinental railway or the moneys which were expended by the different governments on the Canadian National railways, because, when those great undertakings were projected, when the money was spent on the Canadian National railways, this country was in a very much different position from what it is to-day. Yet not only did my right hon. friend advocate the building of the St. Lawrence waterways, which means an expenditure of millions and tens of millions of dollars of public money, if this project is proceeded with, but I notice that in the famous Duff commission report those great men—and no doubt they are great men—

Mr. COTNAM: All the Duffs are.

Mr. DUFF: That is the reason I think they are. Those gentlemen, although they were appointed solely to deal with railway questions, that of the Canadian National and the Canadian Pacific, went out of their way to say that they did not think it would affect the railways if the St. Lawrence waterways were proceeded with. I take direct issue with those gentlemen who comprised that commission, because everybody must realize that if the St. Lawrence waterway is built,

and if steamers can go from either the old country or from foreign lands up the St. Lawrence river and on to the head of the lakes, surely this will interfere with the revenues of both the Canadian National and Canadian Pacific railways.

The Prime Minister, in discussing the great cost of the Canadian National Railways, endeavoured to infer, if I may use the word, that the Liberal party was practically to blame because this amount of money was expended on this great undertaking. It is quite true that when we came into power in 1922 we found that under a bill passed by parliament in 1919, and one which many Liberals of that day opposed, those railways had been amalgamated. How was this done? Were those railways taken over as a business man would purchase a property? Where, for instance, does the blame lie for the famous speech made in 1914 by the present Prime Minister on the subject of railways in this country, when he termed the gentleman who sponsored the bill in the Senate as "the gramophone of Mackenzie and Mann"? Were we responsible in 1914 when the Conservative government of the day voted $45,000,000 in cold cash out of the public treasury to a certain Canadian bank for a certain railway? Were we to blame in 1915 and 1916 when $15,000,000 and $10,000,000 were also given to the same company? Where is the blame when the government of my hon. friends opposite in 1917 or 1918, after Sir Henry Drayton had made a report stating that the owners of the railway had no equity, paid out of the public treasury $10,000,000 to those owners?

Mr. McGIBBON: They had to do that to keep the business going.

Mr. DUFF: Were we to blame in 1919 when the arrangement was made with the Grand Trunk Railway, when, as I said a moment ago, instead of the government of the day acting as business men and taking over the Grand Trunk at a sheriff's sale or in some other way so that we could have bought it at the smallest amount possible, they guaranteed the bonds so that hundreds of millions of dollars of the present Canadian National Railways debt is money voted and spent by the Conservative party? Was the Liberal party to blame in 1918 when the Union or Conservative government of that day—because it was really Conservative, just a camouflaged Union government—

Mr. McGIBBON: There were a few Grits in it.

Mr. CASGRAIN: They soon turned Tory.

[Mr. Duff.]

Mr. MALCOLM: They did not remain long.

Mr. DUFF: After the war was over that government made contracts, on the pretext that it was done for war purposes, for the building of 63 ships in various shipyards throughout this country. Only one keel had been laid on Armistice day, November 11, 1918, and yet the government of my hon. friends went on and on and had all of these 63 ships built from 1918 to 1922 at a cost to the taxpayers of this country of $80,000,000, which is included in the figure which the Prime Minister gave this afternoon as owing by the people of this country. Not only is that $80,000,000 included, but as my hon. friend from Muskoka-Ontario (Mr. McGibbon) knows as well as I do, that mistake of the Tory party in 1918 has cost the taxpayers of this country at least $200,000,000.

In what condition did we find these railway lines when we came into power in 1922? We had a number of great men in this country, big men in stature. We had Sir Henry Thornton for a number of years, and we had another big man who I noticed came before the Duff commission and gave evidence, a gentleman named D. B. Hanna. In his evidence he ridiculed this whole great system of the Canadian National Railways, and said that the money spent had been wasted. But what did Mr. D. B. Hanna himself do both before he was appointed general manager of the amalgamated lines of the Canadian National Railways and after? Is his record so far as earnings and economies on the Canadian National Railways are concerned as good as that of Sir Henry Thornton?—and God knows that I am not taking Sir Henry Thornton's part. Surely it does not lie in the mouth of Mr. Hanna, who made a mess of the Canadian Northern Railway, and who for nearly three years managed the amalgamated lines in the National system, and had to come to the government of the day in three successive years and ask for money to pay deficits on the road amounting to as high as $90,000,000 in one year, to criticize the management of the Canadian National. May I add that those deficits are also included in the amount which the Prime Minister said this afternoon was due to the public or in the amount of money which the public or the country loaned to the railroad.

In what condition were the national railways when Mr. Hanna resigned? Why, Mr. Speaker, they were not fit to travel on. People's lives were in danger travelling on the national railways when the Liberal government came

into power and appointed Sir Henry Thornton president of the road. It was absolutely necessary, in order to safeguard life and property, to spend large sums of money on these railways. If I remember correctly, some $700,000,000 was spent during Sir Henry Thornton's regime in bringing these railways into proper condition, in buying engines, passenger and freight cars, and building up the condition of the road. My hon. friend the junior member for Queens was good enough to admit in his speech that that is the reason why we owe this large amount of money to the bondholders of the Canadian National Railways, and that is why in years past we had to vote money for deficits on this road. But again I repeat, that after the Liberal government came into power Sir Henry Thornton in a few short years built up the national railways, improved the finances of the road, and its business was increasing by leaps and bounds.

We have also heard a good deal about the moneys that have been spent for hotels and steamships and for other purposes under Sir Henry Thornton's management, and of the alleged gross extravagance under the Liberal government in connection with the Canadian National Railways. When we hear all this talk about the expenditure on hotels and steamships for the Canadian National system during the ten years the Liberal government was in power, would you believe me, Mr. Speaker, when I tell you—I am not saying this in criticism because I do not think it is our business here to criticize the management of the Canadian Pacific Railway—that in that period we spent $29,354,941 on hotels and steamboats for the national system and the Canadian Pacific spent for the same purposes $103,498,640?

Mr. McGIBBON: Give us the revenues for the same period.

Mr. DUFF: I am very sorry, but I have not those figures.

Mr. McGIBBON: Perhaps I may be allowed to give them. The Canadian Pacific hotels had a profit of $7,000,000, and the Canadian National hotels had a loss of over $2,000,000.

Mr. DUFF: I am not talking about the profits, and it must not be forgotten that most of the Canadian National railway hotels were built in the years 1929, 1930 and 1931, while the Canadian Pacific hotels had been established for years and had built up a clientele. But I am glad to hear that the Canadian Pacific Railway made $7,000,000 on their hotels. I think, however, my hon. friend from Muskoka-Ontario will admit that the Canadian Pacific Railway is not making a profit on its hotels to-day any more than the Canadian National.

Mr. STANLEY: Or anybody else.

Mr. DUFF: Or anybody else. There is the crux of the whole matter. Why criticize this great enterprise, the Canadian National Railways, or why criticize the Canadian Pacific Railway, when anybody who knows anything about business knows that businesses of all kinds to-day are making very little, if any, money, and a great many are losing a great deal of money? But coming back to my first point, I say that if conditions in this country to-day were what they were in 1928 and 1929 we should not hear a single word about the Canadian National Railways and we should not be considering this bill to-night.

My hon. friend from Muskoka-Ontario, in his very excellent address last night, told us what some of these hotels cost. He must have given the matter a great deal of study because he had it all figured out, and he is no doubt correct, that the rooms in one or some of these hotels cost $14,000 each.

Mr. STANLEY: In Saskatoon.

Mr. DUFF: I admit that that is a very large sum of money, but if it was bad business to build hotels costing $14,000 per room, it is much worse business to rent $14,000 rooms for 89 cents per day per room. I shall not have time to go into that question much further.

In my opinion our main business in this parliament is to bring down legislation with regard to the Canadian National Railways, and if by legislation we can improve conditions on the road nobody will object; but I do object to this bill including the Canadian Pacific Railway. There is enough legislation on our statute books to-day to control that privately owned corporation. The statutes regarding the railway commission give it control over the Canadian Pacific Railway, both as regards freight rates, passenger rates, express rates, and the routing of traffic. Other legislation on the statute books at the present time prevents the Canadian Pacific Railway from building branch lines without first receiving authority from the railway commission or from parliament. I say it is a nice state of affairs when a privately owned railway or any other privately owned business must be controlled by this government and by an arbitral board appointed by the government. I say it is not right. As members of parliament we have no

right and no business to interfere with the private affairs of the Canadian Pacific Railway or anything else. I say that we should stick to our own business, and our own business is to look after our own investment.

I am opposed to the bill because of part I which deals with the appointment of trustees. There is no need for the legislation which has for its purpose replacing directors with trustees, because to do that all we would have to do would be to amend the present legislation on our statute books. What difference would it make whether they were called directors or trustees? I say that we could very well amend the legislation now on our statute books so as to provide for trustees and to effect economies, if such are necessary.

Part II of the bill concerns economies which should be carried out. I say that this bill will never work and, do you know, I have a sneaking idea that it was never intended to work. You know, we cannot forget our old loves, no matter how long we are married, or how long we are widowers or how many wives we may have had. We always "lean a little towards Mary." As I read the bill I do not have the same fears as has the president of the Canadian Pacific Railway and his directors. I do believe, however, that part III concerning arbitral tribunals should not appear in the bill. There is only one way to have cooperation; it must be voluntary. Mr. Speaker, if you and I have a difference to settle we will certainly try to settle it to our own satisfaction before we have an arbitration or go to a court concerning it. However, if we had to go to a court, we would go only once. If this legislation passes, what does it mean? Neither this privately owned railway, the Canadian Pacific, an institution of which everyone in Canada should be proud, nor the Canadian National railways will know just where it is at.

We will suppose a dispute comes up concerning hotels. Let us assume the legislation before us passes, and that the Canadian Pacific railway shareholders get together to-night and solemnly declare that they will vote $5,000,000 to build a hotel in Ottawa. I know that is very unlikely, but I am using it merely as an illustration. The directors put the proposition before the shareholders, and the decision is reached that it would be good business. Is it fair that by legislation, arbitral tribunal or anything else we should say to the Canadian Pacific Railway, a private enterprise, "You should not spend that money"? That is what this legislation means,—that the privately owned railroad is going to be hamstrung. The value of their assets will decrease as soon as this legislation goes on the statute book. Why? Because when a dispute arises the Canadian Pacific Railway and the Canadian National Railways each appoints an arbitrator on the arbitral tribunal, the chairman of the railway commission acting as the third. We will suppose that the chairman decides in favour of the Canadian National Railways. In that event is the Canadian Pacific Railway going to be favourably disposed towards the Canadian National Railways? Or if in another case the decision is given in favour of the Canadian Pacific Railway, is Mr. Hungerford or are those men in charge of the national railways going to feel kindly towards the other line? We will not effect economies if we have the railways at each others throats,—and that is exactly what will happen when the arbitral tribunal is operating.

[Mr. Duff.]

If we are to have economies we must have voluntary cooperation between the two railways. Nobody can convince me in this day and generation, after the experiences of the last few years, that this legislation is necessary, so far as economies are concerned. There is no doubt there were extravagances on the part of both the Canadian Pacific and the Canadian National; we all admit it and know it in our own experience and business. In his speech on Tuesday the Minister of Railways bore me out when he told us how much money was saved in the last year. If these economies were put into effect and these large sums of money were saved without the operation of a compulsory arbitral tribunal, surely Mr. Beatty and his directors and shareholders will make sure that he cooperates with the Canadian National Railways, without having to be forced to do it by legislation.

I say economies would take place more quickly and with less difficulty if the railways were left alone, on the one hand the shareholders of the Canadian Pacific Railway watching Mr. Beatty and his directors, and on the other hand the people of Canada represented by their members in this House of Commons watching the management of the Canadian National Railways. That is the only way we will ever have proper cooperation, and because of that I say this bill is unnecessary, that it interferes with private rights and is not in the best interests either of Canada or the Canadian National Railways or the Canadian Pacific Railway. For that reason I purpose voting against it.

Mr. HERMAS DESLAURIERS (St. Mary's) (Translation): Mr. Speaker, we are requested to consider a measure which, according to the hon. Minister of Railways, is based on the conclusion of the Duff commission. There is, therefore, reason to believe that the report will serve as a guide to the new management of our National railways.

The object which the royal commission, composed of seven members, appointed by the government on November 20, 1931, had in view, was to study the difficult situation in which our National railways are placed, discover the causes and find a remedy.

The work carried out by the commissioners is certainly one of the most thorough and praiseworthy which has ever been presented to parliament. They discovered the main sources of the evil and made the most commendable suggestions, that cannot be gainsaid. However, the true remedy has not been pointed out; perhaps, they thought it was better not to mention it at present, and certain recommendations made therefore, seem to be in contradiction with the principles of economic management.

Numerous factors, it is stated, have contributed to create the sad plight of our National railways; first, the extensive mileage in contrast with our population, trade depression, competition by the Canadian Pacific railway and the various other transportation facilities such as motor trucks, autobus, aeroplanes and ships; the high rates charged on freight and passenger traffic, and the high cost of labour. All the commissioners, however, agree in asserting that one of the main causes was the acquisition of railways and ancillary lines, most of them bankrupt, necessitating very large disbursements in interest and fixed charges. Additional causes were repairs to the railways which had deteriorated and had been neglected, in many instances, requiring a complete rebuilding of both the roadway and stations, so as to put them in condition to meet competition by the Canadian Pacific railway; the erection of hotels, still to meet competition, the establishment of maritime services, always with the same end in view, and finally, an overstaffed management drawing too high salaries. To remedy the first evil, the report recommends abolishing the duplication of train services, both railways to cooperate in this respect. This is an excellent recommendation, this useless war was carried on to the detriment of the two railways, moreover, the public could be given an efficient service without this duplication. By discontinuing to operate the unnecessary lines, instead of having 95 per cent of lines in use there would only be 58 per cent; the operating cost, maintenance and wear and tear would greatly be lessened; therefore, the saving would be very appreciable.

The report, moreover, recommends the merger of the telegraph and express services. This suggestion is an excellent one and a further saving would result.

The maritime coastal service of the Canadian National Railway between Vancouver, Victoria and Seattle, undertaken at a great loss, should be entirely discontinued. The extravagant hotel system should be leased, for it is out of proportion to the requirements of the population.

While recognizing the service rendered by motor trucks and autobus, a service with which the railways cannot compete, owing to its particular facilities, and which better highways has developed and will further develop, the commissioners are of the opinion that it would only be fair to fix minimum rates for the conveyance of goods by railways and motor trucks, so as to establish a workable system between these various conveyances.

This is a recommendation with which I do not entirely agree, and I do not think it is of a nature to improve the situation. First, the question relating to motor vehicles comes entirely under the jurisdiction of the provinces which issue the licences, collect the taxes and establish regulations for the safety and maintenance of their highways. This service is already highly assessed and cannot stand any further taxation, especially, in times of crisis when we are aware that the special advantages derived from this kind of transportation cannot be duplicated by railways.

This recommendation, to my mind, is unfair to the public. It would not matter were the two systems of transportation identical; however, under present circumstances, it means charging the public a higher price, equivalent to that of railways, an antiquated system of conveyance which has seen better days; it means impeding progress which modern methods demand.

The railway management—states the Duff report—should be free from political interference. These are views with which I agree to some extent, however, no more than it is necessary. In fact, as long as the railways remain public property, the people are entitled to safeguard their interests through the medium of their representatives. To my mind, the representatives of the people cannot ignore this fact entirely. Therefore although agreeing that the management of our railways should be carried on in a business way, it is

impossible to entirely dissociate politics from it or the representatives of the people whose interests are at stake.

The royal commission is not opposed to the St. Lawrence deep waterways, it contends that this undertaking will not harm railway traffic. Quite the contrary, common sense tells us that the dredging of a deep water route to the head of the Great lakes will considerably decrease the railway traffic, owing to lower transportation rates although this method of conveyance is slower. Take, for instance, an ocean ship loaded at any European port, bound for Fort William, instead of Montreal, the cargo thus shipped will mean so much freight taken away from the railways between the two last mentioned points, there is no avoiding this fact. Notwithstanding the outlay of millions of dollars to construct this deep waterway, ships being exempt from taxation, this water route becomes a conveyance subsidized by the State, by those who, themselves, are endeavouring to extricate their railways from the sad plight in which it has fallen, by subsidizing a great rival to aggravate its plight—this seems most absurd.

The report further expresses the views that the wheat increase in the west—although the shipping is to the Pacific ocean and then via the Panama canal or else to Churchill—will always leave a tonnage equal to that of to-day to be shipped East, via Montreal and the Atlantic ocean. Increased wheat production, at present, is very uncertain. In fact, in normal times, such should be the case, and the western prairies could feed a greater proportion of the world's population. However, the contrary is happening at present. This wheat increase is precisely taking place in countries which in the past imported our wheat; however, as long as the world's policy remains unchanged, Canada has very little chance of exporting more wheat.

The commission suggests as a remedy, at Chapter V, Section 204, the appointment of three trustees to see that their recommendations are put into practice. A majority of the trustees should rule, but the majority's decisions would depend on the good pleasure of the chairman. For the purpose of settling disputes it suggests—Section 213—the appointment of the Chief Commissioner of the Board of Railway Commissioners and a representative of the two companies concerned. When decisions cannot be arrived at on important matters the exchequer court would be empowered to appoint two additional trustees. Section 213 is as follows:

> Where the execution of an order involves the doing of any act which by an existing statute requires the assent or approval of the Board of Railway Commissioners or where in the opinion of the Chief Commissioner himself the public interests involved are of sufficient importance to warrant it, no order made by the arbitral tribunal shall be operative without the concurrence of the Chief Commissioner and his formal written assent.

It is clearly shown that the members of this arbitral tribunal and trustees amount to placing the control of all railways in the hands of one man, the Chairman of the Railway Commission, which seems most arbitrary. It is an absolute dictatorship. If, in the appointment of this arbitral tribunal, there was only a question of the interests of the National Railways involved, the granting of such wide powers would certainly be a dangerous proceeding, but where it takes a more serious meaning, is when it violates the contract entered into, in 1881, between the Dominion government and the C.P.R. in which it is stipulated that the Pacific company will manage, maintain and operate its railways and properties, itself, perpetually. If we consider that 35,000 Canadians are shareholders in this company, that they have invested money well earned and savings realized by hard work, while being also taxed to maintain the C.N.R. and that they have put up their own money in purchasing this private railway, it would certainly be unjust to dispossess them to-day of their property either directly or indirectly, by placing this private enterprise under the management of this arbitral tribunal, in conjunction with the Canadian National Railway. All seem to point that the state would have the right to ruin a prosperous and indispensible company to save another from bankruptcy. The arbitral tribunal would, perhaps, be acceptable if its powers were limited to controlling the expenditure of the Canadian National Railway and regulating all unreasonable competition between the two systems.

When prosperity prevailed throughout Canada between 1896 and 1911, the future of the country appeared so promising that governments had grounds to venture into railway enterprises, either by means of subsidizing or undertaking the work themselves. They had the means at their disposal and it was but natural to first build railways to transport, afterwards, the pioneers of the country. Railways have always been the means of establishing and developing new settlements. The credit of settling the western provinces must be given to the railways. Without their initiative all these beautiful regions would still be inhabited only by the Indian tribes, scattered here and there. The transcontinental lines made confederation what it is

to-day. Even then the thought of calling the western plains the granary of the empire and visions of feeding part of Europe existed. Immigration at that period increased our population without hindering anyone. Nobody foresaw this terrible war of 1914, which was in a few years to transform our country, blot out our prosperity, jeopardize our enterprises and trade, and imperil our credit. The world crisis began to spread over the land. This scourge, known as war, upset everything not only among us but throughout the world. To-day, nations impoverished seek to produce their own food. We witnessed foreign countries which in the past had sought our exports, become self-supporting and even invade our own markets. All nations vied with one another in erecting tariff barriers. Canada with its untold natural resources, with a population of hardly 10,000,000 souls is overtaxed and crippled with debts, its people are inactive although the country overflows with products. The royal commission appointed to solve one of our great problems has failed in its task; its recommendations will in no way better our lot, because the problem to be solved is far greater than that of our railways. The commissioners perhaps visualized the real remedy; however, in this period of trade stagnation and universal unemployment, they dared not make it known for fear of further jeopardizing our situation as a whole; perhaps they thought, not without cause, that their recommendations would not be welcomed by the public, seeing that 500,000 men were unemployed, and at a time when the producer cannot find a purchaser, owing to our impoverished state.

We had reason to expect that this commission, after scrutinizing and analyzing the affairs of our national railway would have visited other countries where there were also railway problems, in order to study on the spot the means adopted to solve these problems and be in a position to recommend to the government a measure differing from that now submitted to us. At all events, the legislation which we are now considering can only be at the most a temporary remedy and not a cure to our railway ills. As I have shown, this measure tends to be unjust, arbitrary and liable to aggravate a more serious problem, that of unemployment. if we examine what other countries have done for their railways we find that they have not followed our example, they have not lost their time in shifting their ills. France, which had to bear the brunt of the Great war, finding the financial situation of her railways threatened, adopted as a remedy the immediate electrification of her vast system, Paris-Lyon-Méditerranée et Orleans-Midi. The Swiss confederation electrified with success her entire railway system. Our neighbours, the United States, whose water powers are not to be compared with those of Canada, did not hesitate to electrify their Chicago, Milwaukee and St. Paul, Butte, Anaconda, Pacific railway system and others.

Some time ago the press informed us that an Anglo-Franco-German syndicate, with a capital of $580,000,000, had been formed to electrify the railways of Poland, Rumania, Iraq and Portugal which were threatened with bankruptcy. In Canada, with a surplus of water powers—for with only 3 per cent of our railways electrified and our financial situation not in a worse state than that of those countries—the government has no better measure to offer us than this inadequate legislation. It may be contended that the cost of establishing such a system would be very high. If in other countries such a transformation has been carried out everywhere with success, under no better conditions than those prevailing here, why should Canada refuse to follow their example? Since Canada is undeniably in a more favourable situation, any opposition to such a scheme can only arise from certain groups which are interested in blocking such a progressive move. According to statements published by the Butte-Anaconda Railway, we are able to state that for one year's operations—all expenditures included—with a capital of $1,200,000, that company realized a profit of $242,000. When it is known that the Chicago-Milwaukee and St. Paul system comprising 440 miles, a distance equal to that from Ottawa to New York, which, to-day, however, extends over 600 miles, cost $12,500,000, out of this amount the actual cost of 112 locomotives transferred to other lines must be deducted, we are amazed to hear that one hesitates over a few millions of dollars to provide the country with the only system capable of competing advantageously against all other systems of conveyance. Each year, we face, without flinching, the enormous deficits of our railways, although we are aware of the great advantages of the electrified locomotive such as traction, braking power, etc., over the steam locomotive, and the small operating cost entailed compared with the steam system.

When, in 1922, I had the honour of addressing the house on the subject of the electrification of railways, the objection made was that the population of Canada was not sufficiently l rge and that the volume of its trade was not considerable enough. This objection loses much of its force, if we com-

pare our population with that of Switzerland which is highly pleased with its new system, and not without cause, if we consider that with power houses and substations the utilization of direct current provides power for heating, lighting and industrial purposes, with an assured increase in the future if current can be supplied cheaply. When, for instance, a city like Montreal spends for heating purposes only, either in imported coal, oil or gas, not less than $25,000,000 per year; one can easily realize how quickly would be repaid the cost of installation of this new system, even with a population of only 10,000,000 souls. This objection would be of even smaller account if we proceeded to electrify our railways gradually, for instance, if the work was spread over a period of twenty years.

I do not think it necessary to emphasize that we possess water powers in sufficient quantity to carry out this electrification without expropriating, at great cost, the electric companies already in operation. I think that all will admit this fact.

How will it be possible, in these hard times, one may object, to raise the necessary capital to carry out this enterprise? On this point, I entirely agree with the views expressed by Mr. Carrel, of the Quebec Chronicle, that it would be an easy matter to find the necessary capital at 4 per cent interest. The dominion and provincial governments have but to agree to appoint commissions for that purpose and to guarantee their bonds, as Quebec did when constructing dams across rivers to help pulpwood companies, and, also for public toll bridges. The undertaking would be facilitated by the fact that the work would be spread over a period of twenty years, thus affording work to thousands of workmen and encouraging numerous industries to establish themselves in Canada, owing to the low cost of electric current supplied; the people, therefore, as a whole, would indirectly benefit.

These commissions, in order to distribute electric current at a low cost would generate it themselves, because were they to purchase it from a company obliged to pay dividends on its capital, the scheme would be impossible; this objection, however, disappears if the commissions generate their own current and distribute it without profit.

At present, the project can be undertaken without having to expropriate, at heavy cost, electric companies already in existence, not only in Quebec but throughout all the provinces of the dominion; now that the problem of high voltage current loss, when distributed at long distances, has been solved by the invention of electron tubes. If in the United States, with a water-power developing 200,000 H.P. people have built a transmission line of 100,000 volts, brought down to 3,000 volts by sub-stations, we should have no hesitation to state that in Canada this electrification is feasable with very little interference in the current supply.

This electrical transformation would affect the various railway services, it would almost absorb their entire staff. As roadways, stations, warehouses, hotels could be utilized and a large proportion of the present stock of locomotives could be distributed in non electrified sections, I think that the cost of the undertaking would be greatly reduced. Comparing the advantages of the electric locomotive over the steam locomotive, proof of which has been completely established from every possible angle, large centres, such as Montreal, have no reason to put up with the nuisance of steam locomotives, allowing them to cross streets in all directions, of being a threat to public health; fouling houses, windows and clothes, making an infernal noise day and night, disturbing the sick child in his sleep, the overtired mother or father, at the end of the day's work. I state that, like in Paris, London and New York, the steam locomotive should have disappeared long ago from our large towns. This reform has been too long delayed.

The reason of such delay is found in the carelessness, lack of initiative and incompetency of our public men. I think it proper to remind them, once awhile, that the electrification of our railways is an absolute necessity as a measure of general public welfare.

On motion of Mr. Malcolm the debate was adjourned.

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

Friday, March 10, 1933

The house met at three o'clock.

PRIVATE BILL

FIRST READING

Bill No. 42, respecting the Algoma Central and Hudson Bay Railway Company.—Mr. Bradette.

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

The house resumed from Thursday, March 9, consideration of the motion of Hon. R. J. Manion for the second reading of Bill No. 37, respecting the Canadian National Railways

and to provide for cooperation with the Canadian Pacific railway system, and for other purposes, and the amendment thereto of Mr. Mackenzie King.

Hon. JAMES MALCOLM (North Bruce): Mr. Speaker, in resuming the debate on Bill No. 37, I should like to take this opportunity of complimenting the Minister of Railways and Canals (Mr. Manion) on the very fair presentation of the case which he made for the legislation being submitted. I should like also to thank the Prime Minister for the speech which he made yesterday inasmuch as it undoubtedly made clear to the minds of most of the members of the house what he considered to be the need for the legislation, based on his opinion of the situation with regard to our nationally owned railway system.

I further feel indebted to the hon. member for Hants-Kings (Mr. Ilsley) for some remarks which he made in his very admirable speech last evening when he referred to some statements that had been made by the Prime Minister with regard to the very able men who had sat on the Duff commission and to the ability of the members of the Senate who had passed on this legislation. I am thoroughly in accord with the member for Hants-Kings. I do not think that any man who sat on the Duff commission, regardless of what his ability or previous experience may have been, has any more knowledge or any more conception of the railway situation as it applies in this dominion than have most of the members of this house. The Prime Minister himself, as he said in his remarks yesterday, has carefully watched the growth of the different railway systems in Canada, and I think I can say with many other members of the house that we also, just as well as any man who sat on the Duff commission, have watched the growth of these systems and have seen the moneys that were granted by parliament spent to build up private systems, and have later seen those private systems collapse and the roads taken over under state ownership. Not only that, but I consider that hon. members of this house have a better knowledge of the requirements of the Dominion of Canada and a fuller appreciation of what our railway system means to the national life of this country than any men who could possibly be appointed to any royal commission who have not been engaged in public life for the long periods of time that some members of this house have. I therefore submit quite respectfully to the Prime Minister that this legislation having been introduced by the Minister of Railways in a most non-partisan address, inviting on behalf of the government a discussion of the legislation, that it is our duty to present to the Minister of Railways and to the government the views that we hold with regard to the railway situation in Canada, and to suggest amendments which we, the members of this house representing the people of Canada who are the shareholders of this road, think are in the interests of Canada and the shareholders and to the advantage of future generations.

Mr. Speaker, if I might be permitted briefly to refer to the railway situation in Canada I should like to preface my remarks by saying everyone realizes that in new countries railway construction is usually in advance of requirements. In no country has this been more true than in Canada. We have only to turn the pages of Hansard for the period following the building of the Canadian Pacific railway to find many evidences, from those of little faith at that time, that the railway could not be made a success. True, the Canadian Pacific Railway passed through many years when the earnings did not justify the faith of the original builders, but eventually that faith was justified and the Canadian Pacific railway became great and prosperous. During the years between 1896 and 1911, due to an expansive policy of immigration, Canada grew and prospered. And the men of those years had just as much faith in our dominion as had Sir John A. Macdonald and the builders of the Canadian Pacific railway.

What the Prime Minister said yesterday may be quite true; looking at events from the vantage point of 1933 it is quite justifiable to criticize what happened between 1896 and 1911. But we all admit that hindsight is much better than foresight. In fact, if our foresight was as good as our hindsight we would not have to work; we could make all our money at the race track. Between 1896 and 1911 Canada enjoyed a period of expansion, and hon. members on both sides of this House of Commons were entirely in agreement with the expansive program carried on in those years. When Sir Robert Borden took office in 1911 no man foresaw or foreshadowed in this house the disastrous events that were to occur between 1914 and 1918, or the catastrophe which in those years upset the calculations of the legislators of earlier days, and retarded the growth of Canada to an extent which no one can calculate. Therefore I say any remarks critical of previous legislators, or their plan for serving Canada with railways, are not founded upon fact. They are not fair criticisms, because the intervention of the war utterly destroyed the calculations made previous to that time.

If on this continent we had not built railways for the pioneers I doubt very much if we would be a country of 10,000,000 people. If we had not built our railways in order to take our pioneers into those vast open spaces I doubt very much if Canada would be the prosperous country it is to-day. Possibly we might write off to national expansion and promotion, and the development of Canada, some of the moneys which undoubtedly we lost on railway construction. I do not feel nearly as much alarmed as did the Prime Minister in his speech yesterday concerning the financial situation in which we find ourselves to-day. Hon. gentlemen who sat in this chamber in 1922 following the close of the war, will recall that the picture at that time was not very much better than it is to-day. We were faced with a $60,000,000 operating deficit on the Canadian National Railways, when we took into account the interest we owed to the outside bondholders. We were owners of a system which the Right Hon. Mr. Meighen had tried to co-ordinate in 1917, and which coordination was only completed in 1923. The system was run down. Without going into detail, with which the Prime Minister dealt so ably yesterday, may I say that it was a disjointed system, and it was not in good shape. The question arose in this house whether or not the system should at that time have been sold to the Canadian Pacific Railway for the sum of one dollar, to relieve the future taxpayers of Canada. However the houses of parliament decided otherwise, and a management which had before it a tremendous task was put in control of the railway. I am going to say that I believe, in future years in the light of better perspective, men will have an entirely different view concerning what Sir Henry Thornton did for the national system during the time he was president. I shall prove my statement and my opinion by utterances from hon. gentlemen opposite during the years Sir Henry Thornton held office.

What happened between the years 1922 and 1930 concerning the operation of the national railway system? No one will deny that the system was coordinated; no one will deny that the trackage was tremendously improved; no one will deny that new equipment was purchased, both rolling stock and other types of equipment,—all of which brought the railway to the forefront of railway systems on the North American continent. If one wants proof of that he has but to look up the references made with regard to the two Canadian systems by American railwaymen. Indeed, it is true that the state of efficiency into which the national system and the Canadian Pacific had got themselves by 1929 was the envy of most transportation systems on this continent. What I say with regard to the management of the Canadian National Railways, to which in a moment I shall refer, was just as true with regard to the management of the Canadian Pacific. During that time not only was the system coordinated, the trackage improved and new equipment purchased, but for the sake of the greatest industry in our country, namely the wheat industry, we restored the old Crowsnest pass freight rates, giving lower rates on grain. During the years from 1926 to 1932, as shown in the Duff report, we managed not only to pay operating expenses, but to contribute the sum of $210,000,000 towards the payment of interest to outside shareholders.

Let me say that in view of an accomplishment of that kind, I do not blame the Minister of Justice (Mr. Guthrie), who was then in opposition and speaking in the budget debate, for claiming that no party had any right to take credit for the successes prevalent at that time. I think the Minister of Justice was quite within his rights in stating that the success was due to the good offices of the management of the road, and Sir Henry Thornton and his officers and loyal staff should be given full credit. I do not think the Minister of Justice would want to retract the statement he made on that occasion. Therefore I do not believe anyone can say there was not reasonably efficient management of the national system during those years.

In the Duff report at pages 15 and 19 are given certain figures which I think hon. members should take into account when comparing the efficiency of the national system with that of the Canadian Pacific during the years of prosperity and ample tonnage. The figures showing mileage of the two systems indicate that that of the Canadian National railways was 23,880, while that of the Canadian Pacific railway was 16,886. Of the total railway mileage in Canada the national system had 58 per cent and the Canadian Pacific 42 per cent. There is a direct relationship between mileage and capital expenditures. How do they compare? The capital expenditures on the Canadian National system are given as $456,345,456, whereas those on the Canadian Pacific are only $348,776,855. Or, of the total capital expenditures on the railways from the years 1923 to 1931, inclusive, the Canadian National expenditures were 57 per cent and those of the Canadian Pacific 43 per cent. So we see how closely the capital expenditure compared with the actual mileage. On operating expenditure found at page 15 of the Duff re-

port, that of the Canadian National in these years amounted to 58 per cent of the total railway operating revenue in Canada, and that of the Canadian Pacific to 42 per cent, exactly the same percentage as obtained in mileage. In other words these two roads ran side by side with their total mileage in capital expenditure compared with operating expenditure.

But let us come to the all important question of revenue. On page 15 of the Duff report you have the figures. The total operating revenue of the railways in Canada was divided, Canadian National 57 per cent, Canadian Pacific 43 per cent, exactly the same ratio as the capital expenditure, and only one per cent difference from the mileage. Does not that prove that during that period when tonnage was ample, when the Canadian Pacific and the Canadian National both were building up power, equipment and rolling stock, and rock ballasting their roads, they ran hand in hand on expenditure; therefore, any credit or criticism applicable to one road is also applicable to the other.

My remarks in that regard are made for a certain reason. The Minister of Railways in his speech a few days ago gave the decline in the revenue of the publicly owned system as being from $304,000,000 to, I think, $162,000,000, if I remember rightly.

Mr. MANION: To $161,000,000.

Mr. MALCOLM: I would ask hon. gentlemen in this house who have been associated with business and financial enterprises if there is anything unusual about the decline that the Minister of Railways is called upon to face. Is it not just about comparable to the decline in other business on this continent? Is the railway problem in these times of international stress any more difficult to solve than the problem that faces the pulp and paper industry, the lumber industry, the coal mining industry or manufacturing industry? I think not. The problem which we as guardians of the national railway and representatives of the people who own it have to face is just the same problem which every board of directors and every manager of business is called upon to face to-day. I do not think that it is a much worse problem than faced us in 1922. In 1922 we were facing the destruction of our previous hopes caused by the great war. In 1933 we are facing the difficulties which have arisen not through any action of hon. gentlemen present, not through any action of the people of Canada, but through the breakdown of the economic system of the world. For my part I prefer to look at this national problem in the same way as I look at a business problem when I sit with my associates in business trying to solve the problems which come before us.

There was an interesting statement made by the minister with regard to the economies which have been effected. The minister said that $40,000,000 had been saved by efficient management on the Canadian National system during the past year. I want to say to the minister that for whatever part he had in that I congratulate him. I want to congratulate the management of the Canadian National system on being able to meet the conditions with which they are faced by so reducing expenditure as to save this amount of money. But in fairness I want to say to my friend the minister that he is hardly right in saying that had these economies been effected in 1928 we could have paid $40,000,000 on the interest on our obligations to the bondholders.

Mr. MANION: Mr. Speaker, I did not make any such statement.

Mr. MALCOLM: I am glad the minister did not. I understood that he said if the same efficiency had obtained in 1928 as to-day that would have been the result.

Mr. MANION: I know my hon. friend does not wish to mislead. I quoted Mr. Hungerford as saying that if the same economies were in force and with the same amount of business as in 1928 it would have increased the net earnings by $19,000,000.

Mr. MALCOLM: With regard to that I want to say that the expenditures of 1928 were predicated upon the demands of the public for service. They were predicated on the demands of members of this house for branch lines. Can we not recall the brilliant speech made by a member of the Senate who was then a member of the House of Commons in which he advocated a very extensive and very expensive immigration project for the Peace River district. Opinion in this house was divided, but mostly supported the then member for North Vancouver in his desire to improve the conditions in Canada by an extensive immigration policy to fill up the Peace River country. I remember at that very time Sir Henry Thornton made the statement that we should go slowly. He said, there is a limit to what the national railway can carry, and the Peace River railway may be the last straw that will break the camel's back. Whatever we may say about the extension of branch lines in the dominion during the prosperous years up to 1929, I think it is only fair for hon. gentlemen to admit that we were all looking at things through very rosy glasses, and regardless of political affiliations we in

this house were all anxious to see the Canadian Pacific and the Canadian National give the very best service possible, in fact we were demanding super service, we were demanding branch lines which in the light of recent events were probably not at all justifiable, but which did look to hon. members then to be quite worthy of consideration. I do not think it is fair to criticize former parliaments for their optimism at that time. No member of this parliament who sat in the last parliament ever anticipated to the slightest extent the economic collapse which has fallen upon us in the last four years. Does anyone here recall a single speech of warning in this house in the years 1928 or 1929 by which we were told that we were going to have the greatest economic collapse that the history of the world has ever recorded? I think not. So in dealing with what we did in previous years I do not think anything is gained by crying over spilt milk. We are just in the position to-day that other business men are, we are faced with a problem and that problem must be solved. The Minister of Railways has introduced a bill to that end. Members of this house are entitled, indeed it is their duty, to express their opinions as to the best method of solution in the light of existing circumstances and not in the light of recriminations for anything that past parliaments have done.

May I say with regard to the expenditures which were made during the period of prosperity, that we are benefiting by those expenditures now to an extent of which we little dream? We could not save money to-day on the Canadian Pacific or the Canadian National if we had not built our rock ballasted roadbeds up to their present fine condition. We could not save money on power if that power had not already been provided on both systems, if the equipment was not in good shape for many years to come. We are now relying on the fat that was built up during those years on both railway systems. We can now economize and benefit from the expenditures of former years, until things revive.

There has been a great deal of criticism to the publicity of both railway systems. But hon. gentlemen who have had some experience with advertising, know perfectly well that advertising has a continuous value, indeed, it has a cumulative value, and the prestige which the Canadian Pacific has built up for itself throughout the nations of the world, and so largely in Europe, is not going to pass in a day. If a man is a good advertiser, he probably has to continue it to some extent, but he can easily curtail his advertising in times of stress and reap the profits of previous publicity which brought his goods or his system into the public view. So I think the expenditures made by the old administration, Sir Henry Thornton and his board of directors, are of distinct value to us at the present time in effecting economies which never could have been effected if the roadbeds had not been built up and the equipment had not been purchased.

I have read the Duff report with considerable care, Mr. Speaker, and I am disappointed in one feature of that report. It makes a most careful analysis of the financial situation of these roads; it deals with many phases of transportation, but I think it fails in one respect. It does not provide what the Minister of Railways referred to in his speech the other day; it does not give any assistance by telling the railways or telling us as trustees of the Canadian National Railways, how the railway systems in Canada are going to secure more tonnage. It is on more tonnage that the systems must rely for any future prosperity. I think perhaps hon. members are quite fed up on discussions with regard to the problem of motor car transportation as it affects the earnings of the railway system, but may I respectfully submit a thought which I think has been overlooked in this regard. The minister pointed out that from 1923 to 1932 the number of motor cars in Canada had increased from, I think he said, a half million to a million, and that during the same period the decline in passenger traffic on the railway systems was equal to the increase in motor car traffic. In other words, the passenger revenue declined by about half. Based on that statement of fact one would be inclined to say that motor car traffic injured the railways of Canada to the extent of about half their passenger traffic, but is that true? I do not think it is. When one begins to consider what the motor car industry has meant to the railways of Canada in the tremendous tonnage they have carried for the motor car industry one hesitates to say that this industry has been such a detriment to the railway systems. When one considers the tens of thousands of car-loads of road material, cement, asphalt, crushed stone and so forth that have been transported in Canada for the construction of good roads, entirely due to the advent of the motor car, one must realize the tremendous tonnage that has accrued to the railway systems of North America due to the very fact that roads had to be built for these cars to run on. I have discussed this problem with two or three very good railway economists in the United States, one of whom informed me that he did not know of a man on the North American continent who had made a satisfactory calculation to prove exactly what motor transportation had cost

the railway systems if, indeed, it had meant any cost at all in total earnings.

I do submit, however, that our railways are open to some criticism. I believe the operators of all railways in North America have been so busy watching their opponents that they did not consider what might result if only they thought of themselves as transportation men rather than as railroad men. To-day they see it; to-day we have the advent of the single unit, gasoline-propelled car in Germany. It is now coming into use in the United States, and I believe two or three of these cars are being built for use in Canada. By this means a good service may be rendered on branch lines without the expensive rolling stock or the heavy operating crew needed on a steam train of three or four cars. If ten years ago the railway companies had seen, as they see to-day, the possibility of using motor transportation on their own rails I believe much of the expense of maintaining heavy services on branch lines could have been avoided. In the second place, had the railways realized that they were the transportation principals of this dominion and that anything that had to do with transportation was in their field probably ten years ago they would have done what they are now doing under necessity; namely making use of the trucking system in order to feed their terminals and division points.

I enjoyed listening to the remarks of the minister because of one particular point stressed, namely, that the decrease in railway operation had lessened the consumption in coal, I think he said, from 59,000,000 tons to 29,000,000 tons.

Mr. MANION: Dollars.

Mr. MALCOLM: Yes, dollars, and the minister went on to say that this had a very serious effect upon the earnings of the coal miners of Canada. That only shows, as the minister pointed out, the far reaching effect of anything that is detrimental to our transportation system. When the minister said that an additional 50 per cent tonnage would solve our problems I just wondered to myself why any man in the transportation business, a business whose very life blood is the movement of commodities, should support any policy which has to do in any way with the restriction of trade and the movement of commodities. To-day we have this situation, Mr. Speaker, that many commodities are being diverted into other channels. Recently I asked a question of the Minister of National Revenue (Mr. Ryckman) with regard to the shipment of silk from Japan through the Panama canal. I was informed that it was cheaper for the Toronto raw silk user to buy his silk in New York rather than in Tokyo, because of some ruling with regard to exchange. There is a case in point. I know that the movement of silk from the port of Vancouver across the continent was one of the most profitable operations carried on by the railways. Silk tonnage was almost better than passenger traffic; silk trains were given precedence over passenger trains. I think everything the minister can do should be done in order to increase tonnage, because tonnage is the life blood of the railways and is the one thing that will bring them back to prosperity. Therefore I say that the success of the railways, which as the minister has pointed out affects so many other lines, is entirely tied up with the fiscal policy of this dominion. We cannot divorce the two problems. If in this house we consider the movement of tonnage over our railways when we are framing our tariffs we will do as much to relieve unemployment and lessen the financial burden of this country as we can do in any other way.

I should like to make an observation now on the principle of this bill, which is one of central control. I have been wondering during the past two or three months whether or not central control is the answer to our problem. Personally I do not think it is. Could we solve our lumber problem by creating a dictator over our lumber mills? Could we solve our wheat problem by merging our wheat growing areas in the west into collective farming areas, thereby destroying the rights and liberties of the individual by making one great productive system? I do not think we could. Could the pulp industry be rejuvenated by compelling the amalgamation of all the pulp mills in Canada? I think not. The farming industry will be rejuvenated when we have a broader market, when the nations of Europe are prepared to buy more of our wheat at better prices. The lumber business in this country will be revived when we begin to have faith that Canada is not down and out, and start some substantial construction. The pulp and paper industry will be revived when conditions improve in the United States and a better market for newsprint is found with the large United States newspapers. Nothing but increased business, Mr. Speaker, is going to revive these businesses which are not doing well to-day. I do not believe centralization of authority or the amalgamation of businesses is the answer. In fact the view is largely held by many of the best business economists in the United States that much of our trouble has come from the worship of bigness. We have thought that if a thing was big it must be good, but to-day the trend is more towards decentralization than towards further amal-

gamations. One must realize that there is a limit to the capacity of man's mind, and that tremendous corporations can be administered only by system. A system that is devised to operate a very large business must be predicated upon a certatin set of conditions. If it is to work it must be planned for a given set of conditions, and when, owing to a great war or owing to an economic crash such as we have had, the conditions are entirely altered, then the system fails just as completely as anything has ever failed in the history of the world. Then we have to call in the genius of some one man to set right the conditions under which the system can operate, because it failed to operate under the changed conditions.

I believe, Mr. Speaker, that there is much to be said for decentralization. I think that one of the biggest problems that will face the Prime Minister if this legislation goes through is to find a superman who will be capable of handling the system alone. We in this house are handing over to one man complete control of a system which owes the public $1,300,000,000. It is the greatest single asset of this dominion.

Mr. CHAPLIN: There is no equity for it.

Mr. MALCOLM: My hon. friend says that there is no equity. I differ from the hon. member for Lincoln; I will tell him that there is very little equity in any business at the present time. Earning power, as my hon. friend knows very well, is after all the best basis of equity.

Mr. McGIBBON: They are in the red ink from an operating standpoint.

Mr. MALCOLM: If the railways are in the red ink from an operating standpoint they have plenty of company at the present time in other businesses.

Mr. McGIBBON: That does not make it better.

Mr. MALCOLM: Of course not; but the fact remains that the Prime Minister will be faced with considerable difficulty in finding a man big enough to administer the system; a man who will deal adequately with a system comprising over 30,000 miles of trackage and the number of employees engaged by this railroad will have to be a superman. I say without fear of contradiction from anyone in this house that there is one thing that has impressed itself on the minds of the people of the North American continent, not only the people in Canada but the people in the United States, and that is that the so-called idols of the years 1927 and 1928 have pretty well proven that they have feet of clay, and that has been particularly true throughout this financial crisis. It has been true of the management of most big companies. I for one have ceased to believe very much in supermen. I believe more in the collective wisdom of a group of men such as I have the pleasure of speaking with this afternoon.

We are planning for a board to economically administer our railway system; yet at the same time we know perfectly well that we are also planning to set up a waterway, state-owned, to compete with that road on one side, and to build highways to compete with it on the other. If we have transportation over a free waterway and transportation over free highways, it seems to me that we are very blind if we think that the Canadian National Railways and the Canadian Pacific are not faced with serious financial problems.

I cannot quite understand the Prime Minister's lack of courage in the matter of rail transportation; he is extremely alarmed about the financial position of the national railways. He said yesterday that the situation was as serious as it could well be, or words to that effect; yet the right hon. gentleman has courage enough to obligate this country, or the taxpayers of future generations, to the extent of hundreds of millions of dollars in the construction of a trans-continental highway and the St. Lawrence waterway. His policies are very inconsistent, for these various means of transportation are going to be in direct competition. I do not think that the railways have failed so utterly as some people seem to think. The Minister of Railways (Mr. Manion) said the other day that economies amounting to $40,000,000 had been effected. This is amazing; it is a very good showing. Mr. Beatty made the statement that amalgamation would save $75,000,000. I say to the Minister of Railways that he has saved more than his half already we may now expect Mr. Beatty to save the remaining $35,000,000.

There was one other remark the Prime Minister made yesterday with which I want to take exception, and it is practically the one difference I have with this legislation. The Prime Minister made the statement that this measure is virtually placing the national railways under a receivership. He said that if it were a private business it would be in liquidation—that it was practically insolvent. Possibly it is, viewed in the light of to-day's values. I do not differ a particle from my hon. friend from Lincoln when he says that to-day's value is not equal to the bonds that

are outstanding. It certainly is not there viewed in the light of to-day's values.

Mr. CHAPLIN: I did not say that.

Mr. MALCOLM: Well, comparatively. I believe there is every reason to say that if the national railways were a private concern and owed $1,300,000,000 to bondholders the bondholders would feel that it was about time they were taking some action to secure their investment. But, Mr. Speaker, what is a receivership for? As every hon. gentleman knows, a receiver is appointed for one of two purposes: either to liquidate the property or to operate it until it is in a sufficiently successful position to be handed back to the shareholders. But that is not what this legislation provides. This legislation provides that the receivers, whom the Prime Minister describes as trustees in lieu of receivership, are to be appointed permanently. They are not being appointed to deal with the emergency that exists. My one objection to the legislation is the permanence of the trustees. The Prime Minister says that they are to be appointed like judges. May I point out however that they are not judges. Judges are appointed to administer the laws enacted by this parliament; these men are being appointed as business managers to spend the money of the country in the administration of the country's greatest national institution.

Mr. MACKENZIE KING: They are a law unto themselves.

Mr. MALCOLM: Can these trustees tell what conditions will be facing the world in the next twelve months? Certainly the Prime Minister and his Minister of Finance would be very glad to know what those conditions will be, but there is one thing that we do know, and that is that there are going to be some very radical changes in the financial structure of North America in the next twelve months; and if there is in the United States that inflation of currency which has been predicted, then the load of the national railways in meeting its obligations in New York will be materially lightened. The whole structure may change. I am not without hope for the man who has obligations. Inflation of American currency to the extent of twenty-five per cent would make a very great difference in the problem of the Canadian National Railways in paying its commitments to New York bondholders.

One aspect of this dictatorship which I do not like. The autocratic control given to one man in this board is to me repulsive.

Mr. SPEAKER: The hon. gentleman has spoken for forty minutes.

Mr. MALCOLM: I am sorry.

Mr. SPEAKER: Before the debate proceeds further I will deal with the amendment. Mr. Manion, seconded by Mr. Stevens, moves:

That Bill No. 37 (letter A of the Senate) intituled: "An Act Respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific railway system. and for other purposes," be read the second time.

Mr. Mackenzie King moves in amendment thereto:

That all the words after "that" to the end of the question be left out in order to insert the following instead thereof: "the second reading of this bill be postponed until this house have declared that nothing therein shall be taken to authorize any amalgamation of the Canadian National Railways with the Canadian Pacific company; or to divest parliament of its rights; or to take from the House of Commons its primary duty to control expenditures of public moneys and the taxes required to meet the same; and that the provisions of said bill shall be read in the light of this declaration, and be construed so as to conform therewith, and that in so far as any of its provisions may be inconsistent therewith they shall be amended accordingly,

and that the adoption of this amendment by this house shall constitute the declaration of its intention and purposes as set forth herein."

There is in our journals one precedent of an amendment moved on the second reading of a bill which proposed that "further consideration of the bill be deferred until the tariff bill has been disposed of." It was a declaration of principle covering not only the second reading but also the third reading and the final adoption of the bill. It was moved as a disapproval of the measure. The present amendment is different inasmuch as it proposes a postponement of the second reading pending a definite declaration of the house. It does not purport to be adverse to the bill but it makes suggestions for adding to its provisions by amendments which can be moved only after the adoption of the second reading. May at page 390 says:

It is competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill to move as an amendment to the question a resolution declaratory of some principle adverse to or differing from the principles, policy or provisions of the bill.

As this amendment has not the effect of disagreeing with the principle of the bill, it does not come within the class of amendment referred to by May. The allegation that nothing in the bill should be taken to divest parliament of its rights or to take

from the house its primary duty to control expenditures is a declaration of general principles which can be moved as a reason for not agreeing to the second reading of a bill dealing with the constitutional rights of parliament, but which is beyond the scope of, and therefore irrelevant to the present bill. May says at page 391 that the principle of relevancy in an amendment governs every such proposed resolution. At page 391 May says further:

> Such an amendment may not deal with the provisions of the bill upon which it is moved nor anticipate amendments thereto which may be moved in committee.

The words "nothing therein shall be taken to authorize any amalgamation of the Canadian National Railways with the Canadian Pacific company" anticipates an amendment which may be moved in committee. The proposition that the bill shall be read in the light of certain declarations and be construed in a certain manner and that its provisions shall be amended accordingly is in the nature of an instruction to the committee which cannot be moved as an amendment to the second reading. For these reasons, the amendment is out of order.

I refer the house to May, 13th edition, page 391; Bourinot, page 509 and Redlich, volume III, page 89.

Mr. MACKENZIE KING: No point of order has been raised in this matter. Your Honour has taken it upon yourself to give a ruling without any hon. member having an opportunity—

Mr. BENNETT: I raised a point of order.

Mr. MACKENZIE KING: My right hon. friend did not, he said, he would reserve the question as to whether or not the amendment was out of order. The manner in which Your Honour has now given your ruling precludes us from debating the subject and the only alternative left is to challenge Your Honour's ruling. I respectfully beg, Mr. Speaker, to appeal from your ruling.

Mr. SPEAKER: I conceive it to be the duty of the Speaker to intervene without any objection being taken when he feels that any proceedings before the house are out of order. I have given this amendment very serious consideration. The ruling is that the amendment of Mr. Mackenzie King is out of order, and Mr. Mackenzie King appeals from the said ruling.

The house divided on the question: Shall the ruling of the chair be sustained? And the ruling was sustained on the following division:

[Mr. Speaker.]

YEAS

Messrs:

Arsenault,	McLure,
Arthurs,	Maloney,
Barber,	Manion,
Baribeau,	Morand,
Beaubier,	Mullins,
Belec,	Myers,
Bell (West Hamilton),	Nicholson,
Bell (St. John-Albert),	Perley (Qu'Appelle),
Bennett,	Perley, Sir George,
Bourgeois,	Plunkett,
Bowen,	Porteous,
Bowman,	Price,
Boyes,	Quinn,
Bury,	Rogers,
Carmichael,	Rowe,
Chaplin,	Ryckman,
Cowan (Port Arthur-Thunder Bay),	Ryerson,
	Senn,
Cowan (Long Lake),	Shaver,
Davies,	Short,
Dickie,	Simpson (North Simcoe),
Duranleau,	
Embury,	Simpson (West Algoma),
Ernst,	
Esling,	Smith (Victoria-Carleton),
Fraser (Cariboo),	
Garland (Bow River),	Smoke,
Garland (Carleton),	Spankie,
Gobeil,	Speakman,
Gordon,	Spencer,
Hay,	Sproule,
Irvine,	Stanley,
Kennedy (Peace River),	Stevens,
	Stewart (Leeds),
Loucks,	Stewart (Lethbridge),
Luchkovich,	Stirling,
Macdonald (Kings),	Stitt (Nelson),
MacInnis,	Stitt (Selkirk),
MacLaren,	Sullivan,
MacMillan (Saskatoon),	Sutherland,
	Swanston,
MacNicol,	Tétreault,
Macphail, Miss,	Weese,
McDade,	White (Mount Royal),
McGibbon,	Willis,
McGillis,	Woodsworth,
McGregor,	Wright.—88.

NAYS

Messrs:

Ahearn,	King, Mackenzie,
Beaubien,	Lacroix,
Bothwell,	Mackenzie (Vancouver Centre),
Bradette,	
Brasset,	McKenzie (Assiniboia),
Brown,	Malcolm,
Casgrain,	Marcil,
Cayley,	Mercier (St. Henri),
Chevrier,	Munn,
Dubois,	Neill,
Dupuis,	Parent,
Fiset, Sir Eugène,	Power,
Goulet,	Reid,
Hanbury,	Sanderson,
Hanson (Skeena),	Taylor,
Heenan,	Totzke,
Howden,	Weir (Macdonald),
Ilsley,	Young.—35.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Anderson (Halton),	Factor,
Barber,	Bertrand,
Barrette,	Rhéaume,
Bell (St. Antoine),	Raymond,
Beynon,	Euler,
Black (Halifax),	Dubuc,
Burns,	Butcher,
Cahan,	Rinfret,
Cantley,	Cardin,
Casselman,	Howard,
Charters,	Blair,
Cotnam,	Hurtubise,
Dorion,	Verville,
Duguay,	Dumaine,
Dupré,	Ferland,
Edwards,	Elliott,
Fortin,	Fafard,
Gagnon,	Boulanger,
Ganong,	Fournier,
Geary,	Mercier (Laurier-Outremont),
Gott,	Rutherford,
Guthrie,	Lapointe,
Hackett,	Perras,
Hanson (York-Sunbury),	Veniot,
Harris,	Jacobs.
Johnstone,	Donnelly,
Jones,	MacLean,
Kennedy (Winnipeg),	McIntosh,
Laflèche,	Girouard,
Larue,	Thauvette,
Laurin,	Fontaine,
Lawson,	Gray,
Lennox,	Pouliot,
MacDonald (Cape Breton),	Urquhart,
MacDougall,	Denis,
Matthews,	Moore (Ontario),
Murphy,	Stewart (Edmonton),
Pettit,	Bouchard,
Pickel,	Deslauriers,
Rhodes,	Ralston,
Robinson,	Desrochers,
Ross,	Roberge,
Sauvé,	Séguin,
Smith (Cumberland),	Duff,
Spence,	Fraser (Northumberland),
Spotton,	Hepburn,
Stinson,	Hall,
Thompson (Simcoe),	Jean,
Thompson (Lanark),	Golding,
Tummon,	St-Père,
Turnbull,	McPhee,
Weir (Melfort),	Motherwell,
White (London),	Gershaw,
Wilson,	Vallance.

Mr. BELL (St. Antoine): I was paired with the hon. member for Beauharnois (Mr. Raymond). Had I voted I would have voted to sustain the ruling of the chair.

Mr. GOLDING: I was paired with the hon. member for Lanark (Mr. Thompson). Had I voted I would have voted against the ruling of the chair.

Mr. MURPHY: I was paired with the hon. member for West Edmonton (Mr. Stewart). Had I voted I would have voted to sustain the ruling of the chair.

Mr. CANTLEY: I was paired with the hon. member for Richelieu (Mr. Cardin). Had I voted I would have voted to sustain the ruling of the chair.

Mr. GERSHAW: I was paired with the hon. member for London (Mr. White). Had I voted I would have voted against the ruling of the chair.

Mr. SMITH (Cumberland): I was paired with the hon. member for Antigonish-Guysborough (Mr. Duff). Had I voted I would have voted to sustain the ruling of the chair.

Mr. ELLIOTT: I was paired with the hon. member for South Waterloo (Mr. Edwards). Had I voted I would have voted against the ruling of the chair.

Mr. RALSTON: I was paired with the Minister of Finance (Mr. Rhodes). Had I voted I would have voted against the ruling of the chair.

Mr. SPENCE: I was paired with the hon. member for Northumberland (Mr. Fraser). Had I voted I would have voted to sustain the ruling of the chair.

Mr. BAKER: I was paired with the hon. member for Prescott (Mr. Bertrand). Had I voted I would have voted to sustain the ruling of the chair.

Mr. MacDONALD (Cape Breton South): I was paired with the hon. member for Colchester (Mr. Urquhart). Had I voted I would have voted to sustain the ruling of the chair.

Mr. MacLEAN: I was paired with the hon. member for Royal (Mr. Jones). Had I voted I would have voted against the ruling of the chair.

Mr. VENIOT: I was paired with the hon. member for York-Sunbury (Mr. Hanson). Had I voted I would have voted against the ruling of the chair.

Mr. POULIOT: I was paired with the hon. member for North York (Mr. Lennox). Had I voted I would have voted against the ruling of the chair.

Mr. HURTUBISE: I was paired with the hon. member for North Renfrew (Mr. Cotnam). Had I voted I would have voted against the ruling of the chair.

Mr. SAUVE (Translation): I was paired with the hon. member for L'Assomption-Montcalm (Mr. Séguin). Had I voted I would have voted to sustain the ruling of the chair.

Mr. DUPRE (Translation): I was paired with the hon. member for Joliette (Mr. Ferland). Had I voted I would have voted to sustain the ruling of the chair.

Mr. BOUCHARD (Translation): I was paired with the hon. member for Welland (Mr. Pettit). Had I voted I would have voted against the ruling of the chair.

Mr. PERRAS (Translation): I was paired with the hon. member for Stanstead (Mr. Hackett). Had I voted I would have voted against the ruling of the chair.

Mr. DUGUAY (Translation): I was paired with the hon. member for Bagot (Mr. Dumaine). Had I voted I would have voted to sustain the ruling of the chair.

Mr. SPEAKER: The question is on the main motion.

Hon. JAMES MALCOLM (North Bruce): Speaking on the main motion, I should like to conclude the remarks I made on the amendment. At the expiration of my forty minutes when speaking on the amendment, I had just said that I did not like the legislation as presented to the house by the minister. I had endeavoured to point out to members of the house that the conditions which obtain in Canada with relation to the Canadian National Railways and the Canadian Pacific Railway are not greatly different from those which obtain in most businesses in this dominion, and that in my opinion at least those conditions have no permanence, but that better days will come when entirely different conditions will prevail in this dominion.

I am afraid that the Prime Minister and those in charge of the drafting of this legislation have set the Minister of Railways the problem of putting through legislation which is based on either one or two principles, or both of them. The legislation is based either on a desire for autocracy in administering our great national railway enterprise, or it is based on a feeling of despair that the present situation cannot be improved except by very drastic legislation and drastic control. I do not assume, as this legislation does, that the present conditions will always obtain, and that we shall always be in the financial stress which we are experiencing to-day. To assume that would be a contradiction of the Prime Minister's own faith in this country as expressed in words so many times. It would also be a contradiction of his faith in the future of this country as expressed in the agreement which he has made with the neighbouring republic for the construction of the St. Lawrence waterways. This legislation has some virtue. If it were being adopted, as methods are being adopted by private interests, to deal with an existing emergency situation, I do not believe I should have any disagreement whatever with the legislation.

Mr. MORAND: Does the hon. member think the situation is due entirely to an emergency, or is some of it permanent?

Mr. MALCOLM: I do not differ at all from those who hold that the situation is due to a set of world conditions in which probably we have played our part. If my hon. friend wants to know what I think about it, I do not mind telling him and the house, frankly. We ran into one war, a physical war, which certainly put the financial situation in the world in a complete mess. From the termination of that war until 1930 we ran into a second war when every country in the world competed in raising tariffs, causing a worse economic mess. I am not blaming the Canadian people any more than peoples in other parts of the world, but I must say that if we do not watch ourselves we will be facing a third war, a war of inflation, where nations will be trying to find out who can make money the cheapest.

If this legislation were of a compulsory nature for a period of from three to five years, I would support it. The parliaments of the future, considering the success or failure of the experiment and predicated upon the exigencies and the circumstances then obtaining, could decide whether or not they would continue this form of autocracy or whether they would give back more power to the members of this House of Commons. The Prime Minister said that the refusal to vote money was within our power. I believe he knows perfectly well, that the refusal to vote money gives us no power in this chamber at all. The only money the national system has to ask us for is the interest on the bonds due to outside bondholders. Should we refuse to pay that interest the bondholders would immediately act, and we would have to pay it. Under the present legislation, there is being taken away from the minister the slightest vestige of control he might have over the head of the system. He may spend all the revenues exactly the same as the old board did. And I am not saying the authority we granted the old board was right at all; I think it had too much authority. I

submit many hon. members of the house who criticized the authority we gave that board were right in their criticism. The old board could spend every dollar for revenue, and this house of parliament had no control. Many people believe that by taking a great public enterprise out of the control of parliament and putting it under a board, the difficulties will be met. I am from the province of Ontario, and I state fearlessly that the hydro electric system of that province was efficiently administered when the administration was conducted by Sir Adam Beck. It was ably administered in those days. But it is only a few years ago that absolute control of expenditures of the hydro electric, by way of making contracts for future power commitments, put the hydro electric under obligations which I do not believe would have been incurred if the legislature of Ontario had had complete control.

I do not believe we will secure any superman who has any more brains than members of the House of Commons, and that is why I am only willing to support the legislation as an experiment. The Prime Minister has said the legislation is drastic, that it is in the form of a surgical operation, and that generally in the case of a deep-seated trouble surgery must be resorted to. In that regard I do not think the Prime Minister's simile is as apt as the similes he usually uses. My opinion is that he is not treating a patient by surgical operation, but he is putting him under perpetual treatment in some institution from which he cannot escape. After a surgical operation the good doctor cures his patient and hands him back to his family. But when we put a man under perpetual treatment, or under the care of a custodian from whom he cannot be taken, his family will never see him again. I want to say to the Minister of Railways, in all kindness, that I do not believe this legislation is fair to him or to the Dominion of Canada. To meet a temporary condition, I am in favour of a surgical operation; by way of setting up an automatic board for a given period of from three to five years. If that experiment works, if this receiver or trustee the Prime Minister speaks about—where he will get such a man, heaven knows—if this man makes a success of the system I think the shareholders of the Canadian Pacific Railway have a right to have their system handed back to them, and the parliament and people of Canada have a right to have their system returned to them.

This legislation should not be predicated upon the assumption that troubled times are going to continue. Many of us have enjoyed the privileges of this house for varying periods, some of us may be elected again. But, in the passage of time, many of us will not be in this house ten years hence. New men will be elected. We should base our legislation not upon emergencies which arise, but upon faith in the dominion. It seems to me that when we assume we are in a national crisis and that we are not going to get out, we are giving scant leadership to the people of Canada. It is said on every hand that if only we could establish faith on the North American continent there would be a wonderful revival of business. I say to the Prime Minister and to hon. members opposite and on this side of the house, without fear of successful contradiction, that if we needed caution when we were prosperous and are now criticizing ourselves because we were not cautious, for heaven's sake let us have courage now, and not criticize ourselves five years hence for not having courage.

This system is not in the doldrums; it does not need to be put under communistic or autocratic control. The Canadian Pacific Railway system is not in the doldrums. It is facing a crisis due to lack of tonnage and transportation of all kinds. These things will right themselves. I have no brief for the Canadian Pacific, but I have a brief for the people who own it. After all, it is their system, and I do not believe this parliament should take the system of the Canadian Pacific and the system owned by the people of Canada and place them under a bureaucracy permanent in its nature, and which nothing but a complete vote of the House of Commons and the Senate can possibly alter. I say to the government and to the Minister of Railways that so far as I am concerned the principal change I want in the legislation is to change the permanence of the appointments to the board. I do not oppose an arbitral tribunal as a temporary expedient to deal with circumstances existing to-day, but I do say we are not playing fair with the Minister of Railways, we are not playing fair with the stockholders of the Canadian Pacific or with the parliament of Canada when we take these two great systems and put them under arbitrary control, making the two of them forever subservient to the decisions of one man as to what shall be done with the invested capital.

Mr. RALSTON: And self-perpetuating.

Mr. MALCOLM: The self-perpetuating feature, Mr. Speaker, is my principal objection to the legislation. I believe if the minister and the government could see their way clear to enact this legislation as an experiment, they would be much better advised.

Mr. GUTHRIE: On the point of order, Mr. Speaker, I did not like to interrupt my hon. friend, because we on this side of the house always like to hear him, but I submit he was out of order in again addressing the house. The amendment, or so-called amendment, which was ruled out of order was never put to the house by you, Mr. Speaker.

Some hon. MEMBERS: Yes, it was.

Mr. GUTHRIE: If so, it was subsequently ruled out of order and became as nothing, consequently my hon. friend, I submit, had no right to speak again, though we took no objection on this side of the house.

Mr. CASGRAIN: I had the honour of consulting Mr. Speaker, and he said it was in order.

Mr. SPEAKER: I do not know that under the circumstances it is necessary to give a ruling, but my recollection is that I did put the amendment to the house last evening. Whether it was subsequently ruled out of order or not, it was for the time being before the house. I understood the hon. member for North Bruce (Mr. Malcolm) to be addressing himself to the question before the house, which was the amendment, and that having been removed it was open to him to speak to the main question.

Mr. GUTHRIE: Well, I just draw it to your attention.

Mr. MALCOLM: I did not think I was out of order, because the whip on this side informed me that the hon. member for Parry Sound (Mr. Arthurs) was quite willing that I should go on. In any event I thank the members of the house for their very courteous hearing.

Mr. JAMES ARTHURS (Parry Sound): The hon. member for North Bruce will pardon me if I do not follow him through all his very strenuous effort to gloss over, shall I say, or to defend the action of the government of which he was a member. The hon. gentleman spent about thirty minutes of his first speech in defending the actions of the late government as far as the Canadian National is concerned, and spent about five minutes in attacking the financial policy of this government. Outside of that, I have not observed anything very constructive in what he said, no matter how eloquently and brilliantly his speech was delivered.

I would like to say that the people of this country at the present time are watching very closely this legislation and the action of this house. And it is perfectly right that they should. In the first place the citizens of Canada are interested in the matter as taxpayers of this country. They are the people who in the past have paid and who in the future must pay the bills or deficits of the Canadian National Railways. Then we must consider that they are also the shareholders of this railway system, and if the road succeeds they hope in the future, and I believe have reason to hope, that they will ultimately get back some return for the money which has been spent, perhaps recklessly, upon the system. There is another reason why they should be interested which I do not think has been brought forward in this house as prominently as it should be, namely that the people of Canada are the customers of both these railroads. The people of this country are entitled to value for the expenditures they make, whether for passenger service or freight service or anything else. Then another class of men interested in this legislation is the men who are at the present time employed by either of the great railroads, or those who have been for some time out of work on account of the cessation of such employment. All these should be considered in this connection.

In times of depression people are always looking around for some one or some thing to blame. In this particular case the blame has been largely placed upon the railroads. I agree entirely with the previous speaker, the hon. member for North Bruce, that our railways have not lost business in as large a proportion as many other trades. It is true our railway business has fallen from $477,000,000 per year to $260,000,000 per year in three years, but I would like to inquire what business has not fallen off more than that. Especially the external trade both of this country and every other civilized country has fallen in a much greater proportion. The previous speaker instanced the pulp and paper industry. Before the depression it was a good industry, distributed over the country at various places, and making money. Unfortunately like our railways it was exploited, we had mergers, plants were purchased by the syndicate and closed, far larger plants were built than were required at that time or than will be required for many years to come, and as a result the investing public in Canada lost hundreds of millions in that enterprise. Take the steel industry or the lumber industry, you find that in those trades there is less than 15 per cent of the business there was in the boom time, whereas the railways still have 54 per cent.

I might state, from a non-political viewpoint, the situation as it appears to me. Previous to the amalgamation of the roads in the national system, I was a member of

this house. I remember well previous to the war we were forced to find scores of millions of dollars almost every year, if not every year, to keep two of the railroads afloat, I refer to the Grand Trunk and Canadian Northern. Very large amounts, my recollection is about $30,000,000 a year, were being voted by parliament as loans, never repaid, to these two roads in order to keep them afloat. This went on during the war, until as has been pointed out very ably by the Minister of Railways and the Prime Minister, these investments became larger and eventually we were forced to take over the roads. And this expenditure has gone on ever since. I am not talking politically when I say that during the last ten years very large amounts of money have been expended upon this system, which were unwisely spent, very unwisely spent. As a result the interest charges have been mounting from year to year, and you have the present situation. Personally I believe it is only a question of time, we hope a short time, until this road will be in a very different position. There is no doubt we have a good railroad, there is no doubt that even in less than normally prosperous times the road would pay, and the people of Canada instead of going into their pockets to pay deficits would have some little surplus. There is no question in my mind that that will be true in time to come.

Some people believe, and the view has been strongly urged in some sections of the press, that there should be a recapitalization of this railway. I submit that this would make practically no difference to the public. It makes no difference to us as Canadians whether the capitalization of this road is $1 or $1,000,000 or $1,000,000,000. We are the sole stockholders; the benefits, if any, and the trouble, if any, will be ours in any event. For bookkeeping purposes probably it is desirable to fix some capitalization, but it would have no effect on present circumstances.

As I said, we know that during the past years there has been extravagance, both on the Canadian Pacific and the Canadian National. Wages reached a very high level, salaries were high, we know that in the case of the Canadian National there were a score of men who received a greater salary than the Prime Minister of Canada, and some of them a larger salary than the President of the United States of America. Those were the circumstances. Then, as I said before, we had the hotels, the steamship lines and the large terminals which were not necessary either then or now.

Lately, Mr. Speaker, the cry has changed; both the railways and the public demand economy. I should like to point out that the first economy practised was one which was highly undesirable in many ways; it was the cutting down of railway services even before the last crash. Then we had the cutting down of wages, which was opposed by many people, and perhaps it was unfortunate that the railways should have been among the first to take that action. The next step was the dismissal of many men, and I believe that in many cases the number of employees was reduced unnecessarily. No one can convince me that two section men can do as much work as four men, or that two men can look after seven miles of track as well as four men could look after five miles. Before the reduction in staff we had four section men to every four or five miles of track, on the average. First that number was reduced to three and ultimately to two. As a result we have thousands of men out of employment and we are gradually losing the permanent effectiveness of our railways. That was what occurred during the war. We did not have enough men to keep our tracks in good shape; as a consequence the ties over whole sections of the road became rotten, and ultimately they had to be replaced at a cost of millions of dollars. The roads are alike in this regard. I should like to point out that when trade revives and traffic increases we should not expect these expenses to be kept down. Twenty trains cannot be run with ten crews. These railwaymen will be reemployed as traffic increases, and the same is true of the men who look after the maintenance of the road-beds, the men in the shops and so on. We hope the expenses of the railways will be heavier to-morrow than they are to-day and still heavier next year, because that will show that business is reviving and traffic increasing.

I think it would be very desirable to impress upon these trustees not only the necessity for making every possible saving—and no doubt a great deal can be done in that way—but also that this saving should not be made at the expense of the working men to a greater extent than is necessary, because I believe it is well to keep these men at hand.

Mr. NEILL: May I interrupt? If we pass this legislation it will be impossible to impress anything on the trustees; they will be entirely independent.

Mr. ARTHURS: That is my hon. friend's opinion, but I think probably they will be human, and if matters are represented to them in a proper way I think action will be taken.

Now I should like to say a word or two with regard to the amalgamation of these roads. In common with most hon. members who have spoken during this debate I am entirely opposed to any amalgamation. I am opposed also to unification of any kind. In my own mind I am quite satisfied that there is no demand for amalgamation by the people of Canada; on the other hand I believe they are quite opposed to it. I am even more sure that it is opposed by the employees of both railways, from the men in charge at the top down to the men who work along the tracks. I should like to read just a few words from the evidence given before the commission by Mr. Hungerford, the present head of the Canadian National Railways, who has been a railway man for over forty-five years. In reply to a question by Lord Ashfield, Mr. Hungerford said:

> . . . I think it is in the general interest, in view of the fact that these two railways exist at the present time, that they should be continued as separate institutions and allowed to compete, one with the other, with a certain measure of restriction against unreasonable development, but still maintaining the principle of competition.

Later on, speaking of the appointment of the trustees, he said:

> . . . the appointment of somebody—or at least some commission being endowed with power more or less to supervise and to prevent ridiculous developments.

Evidently he believed there had been ridiculous developments in the past. Later on he said:

> I believe a very large proportion of all the real economies that can be secured at all can be secured under separate operation; and the comparatively slight difference between the degree of economy that can be secured from separate operation as compared with that under amalgamation would be more than offset by the obvious disadvantages of amalgamation which I have referred to.

Now I should like to say a few words with regard to the question I raised in my opening remarks; I should like to speak on behalf of the customers of these roads. It is very easy for a man to get up in this house and say there are six or eight trains daily between Ottawa and Montreal and to say they are necessary because two are transcontinental trains, two are express trains and the other two stop just here and there, that they take different routes and so on. I know of a case in the province of Ontario where there was good railway service for many years, with an express and a local train each day. Now they have a train twice a week, consisting of one car attached to a way freight. I imagine this car has been in the service for from fifty to a hundred years, at least. It has no lighting system except oil lamps, just enough to let you know daylight from dark; it has no heating system but an old stove in the centre, and you have to keep your overcoat on if it is at all chilly.

Mr. YOUNG: Is it full of passengers?

Mr. ARTHURS: I guess there are some. The point is that these passengers must pay exactly the same rate for tickets that is paid by the man who travels between Ottawa and Montreal. On the one hand, however, you have the very best accommodation and the most up-to-date rolling-stock, while on the other hand the accommodation is practically non-existent. I quite agree that in some cases we have had greater service than was required, but in many cases they have gone too far in their desire for economy. You cannot blame these men if, when they have a chance to ride on a bus, they inevitably do so in preference to the railway. The same thing is true with regard to short freight hauls. I have been in business for many years. Even in the old days when we had a good way freight service it took from two to three days to get a parcel of goods from a place perhaps twenty miles away. I see no reason why the railways could not give us decent accommodation, perhaps by attaching one or two freight cars to a passenger train. In that way they would keep in with their customers and would do something at least to check the inroads of the motor trucks.

I am entirely in favour of this bill, Mr. Speaker, but I do think one or two amendments might well be made. Later on when the bill is in committee I will direct attention to one or two improvements I think might be made in the bill whereby these trustees shall not have the power either to tear up any branch or to lease any part of the Canadian National Railways for over five years without the consent of parliament. I think that is a very necessary clause to insert in the bill. We have roads right in Ontario, the old Great Western, a part of the Grand Trunk railway, which is practically owned by them under a ninety-nine year lease, and there are many other roads throughout the continent of America which are practically in the same condition, and I do not believe that any men, one, three or twenty, should have the power to sell the assets of the Dominion of Canada without the consent of parliament. There is another thing to which I would direct attention. In the

case of any dispute coming before the tribunal, in which the public are interested, as manifestly they will be in some of these cases, they should have the right to appear before the tribunal and state their case.

With these two exceptions I am in favour of the bill and I will certainly vote for the second reading.

Hon. W. R. MOTHERWELL (Melville): The excellent example in moderation given this afternoon by the hon. member for North Bruce (Mr. Malcolm), and the equally excellent example set the other day by my right hon. leader (Mr. Mackenzie King) and, previously, by the Minister of Railways (Mr. Manion), I will endeavour to follow in discussing the bill now before the house. I will try to be as moderate and temperate as may be consistent with bringing out the facts as I see them. I am sure the Minister of Railways will sympathize with me if I do not attain to that high eminence reached by the hon. gentlemen to whom I have referred, because it must have taken one of them—the Minister of Railways—at least an effort to reach that commendable height.

Let me say at the outset that I do not like this bill. The more I think of it the less I think of it, and that is not meant to be a paradox at all. I should like to support it though, just the same as I should like to have supported the Anglo-Canadian agreement; but I cannot do so. There is one good feature about it which I would mention, and that is the reduction of the board of directors to three—call them what you like, trustees, directors or anything else. There was never one appointed from Saskatchewan or Alberta on the old board, and I think we should be given some credit for not having made the board nineteen instead of seventeen. There was a weakness in too large a board, and there is almost as great a weakness in one that is too small. As someone put it, out of seventeen men you might find three who were all right, but it you got three dubs or violent anti-public ownership men to start with our position would be rather unenviable. If you could get one man to perform the duties of the office, a man in whom all the people of Canada had confidence, it might be better still than having three; it would be a shorter cut anyway. However, no such super-individual exists that I know of. I have no faith in all this talk about super-men; to use an old expression, there ain't no such crittur. I have no objection to three; I think it is a move in the right direction. Apart from these preliminary remarks, Mr. Speaker, I am afraid that my encomiums on behalf of the bill will be very limited.

As regards the Duff commission, that was a good move; it was an evidence that both the great presidents realized that there was something ahead which they had to prepare for. Naturally Sir Henry Thornton and Mr. Beatty would know more about the financial situation of the railways than we do, and in anticipation of the worst happening they were both favourable to a commission being appointed to investigate all phases of the situation in the hope of bringing about reductions in operating costs and so on, in the light of rapidly disappearing tonnage. I think that was all right. No doubt the first object of the commission was to set forth the situation as they saw it in their report, and in the second place I do not doubt that they entertained the hope that a certain educational value would be derived from the investigation, whereby the people of Canada might be guided to an acceptance of the best possible solution and one which would justify the investigation. A commission of any kind, even if its object is only to bring out the facts with a view to guiding the people along the best path, is worth while. The people of this country, however—and I suppose the same thing is true of other countries—will not take kindly to too much guidance, and when there is cause for suspicion they refuse to be guided at all. All the pamphleteering and all the after dinner speechmaking and such like seemed to tend to some form of amalgamation or joint operation, and the people of Canada were so irrevocably opposed to amalgamation that they did not take some features of the Duff commission very seriously, although the advice and information given by the commission were well meant. If we do not travel along the direction of the Duff commission they must not think it is a reflection on them. They did good service, as they saw the railway situation, and I have no reason to doubt their bona fides. Nor is any opposition to this bill to be regarded as a reflection on the Senate. We have often disagreed with the Senate before, and it seems to have been coming to life recently. I believe there is another bill under consideration there, a bill of some nine hundred sections, and I can only express the hope that they do not throw it at us this session.

There seems to be a disposition in some quarters to make a sort of goat of Sir Henry Thornton and a martyr of the Canadian Pacific. There is no necessity for anyone taking either of these extreme positions. Some people are blaming the Canadian Na-

tional Railways for almost everything; yet that railway system is in a better position relatively than most of us sitting in this chamber compared to what we were three or four years ago. I question whether the status of the Canadian National is not better relatively than that of the Canadian Pacific today. I am an admirer of the Canadian Pacific Railway; I think it is the best-managed and equipped privately operated road in the world. I never had a dollar's worth of stock in this great railway enterprise, although I have often wished I had, so that anything I might say in the way of criticism of that system should not be regarded as being prejudiced one way or the other. I have great faith in its ability to come back if there is nothing inserted in this bill to hinder it. What I object to very much, however, is the practice of singling out the Canadian National system as if it were the chief sinner and making it carry all the sins of the many. And that is what is being done. Nothing is said about there being too many cotton mills in Canada; too many paper mills; too many mines; too many motor car factories, although a great many such concerns are closed down; too many agricultural implement manufacturers, notwithstanding that many warehouses and shops are largely closed. And, by the way, no one talks about too many branch banks, a number of which have for lack of business been closed, to the great inconvenience, it is true, of those who were locally served, while some bank managers are operating two or three banks running along a line of railway. Nothing is said about all these but we hear a good deal about the Canadian National Railways having built too many hotels and branch lines. The commission even thought that it was bedevilled by local public opinion and pressure. But how are you to smother public opinion and the right of communities to be heard on railway and other matters?

Let me refer for a moment to branch lines. I do not believe that this country is overbuilt with branch lines. I am one who suffered for twenty years for the want of a branch line, and when I came to this parliament one of the first objects to which I dedicated myself was to help those who were situated as I had been for some twenty years and to try to get them the branch line service they so badly needed. I did not confine my efforts to the Canadian National. Before I entered any legislature I spent much time with my neighbours trying to prevail upon the Canadian Pacific to provide a branch line for our district. This was long before I was ever heard of outside of my own community.

I well remember that noble old railway friend, the late Sir William Whyte, the greatest railway friend the farmers of the west ever had, Whyte by name and white by nature. We went to him and placed our case before him knowing that if there were any good in it, and traffic present and prospective permitted it, he would do everything possible to meet our wishes. Are we to be denied that right? Are we going to shut up the Canadian National in a hermetically sealed box where no one can see it or appeal to it? The men who are operating this railroad should be strong enough to resist pressure not warranted by the facts or the traffic or the particular request made. We cannot put anyone or any great public service in seclusion and have it be of proper service to the country. We have to be a part of the world if we are going to be of full usefulness to it.

People are harping about too many branch lines, but I want to say that I struck out in 1882, four hundred miles ahead of any railway. There was not a foot of railway line west of Portage la Prairie when I struck out with a yoke of oxen towards the setting sun for four hundred miles. We had the main line, of course, that fall, but we had to wait twenty years before we got our branch line. How much longer should I have waited before making representations for a branch line? Should I have been so modest as not to look at a railway magnate? I found them to be quite approachable when I did become acquainted with them. That applies not only to Sir William Whyte but to many other officers of the Canadian Pacific Railway. I found them to be rational and reasonable men, and the same applies to the officers of the Canadian National. All this balderdash which we hear about the evil of community pressure is simply the bunkum of people who have not suffered as I and thousands of others have suffered on the prairies and elsewhere. Many of these frontier people are still waiting for branch lines. If I am spared long enough I intend to do my utmost to help the man on the frontier, the man who has blazed the trail for those who will follow. Does not all Canada, does not Australia, does not South Africa owe its development to the pathfinders and the trail blazers who went to the frontiers to build homes? These men are worthy of the very best of attention and service.

We will pass on to some other fallacies. Sir Henry Thornton's name has been mentioned as one to be honoured. The hon. member for East Hamilton (Mr. Mitchell) said that the time would come when he would be honoured,

and the hon. member for North Bruce said that doubtless he was honoured now. I do not know what others are going to say, but the way Sir Henry has been treated reminds me of Mark Antony's speech when Julius Caesar was murdered by Brutus and a few others like him. Yesterday Sir Henry was sought after by the foremost men of the land, he was welcomed in any company; to-day "there are none so poor to do him reverence." Yesterday he was sought as the guest speaker for the finest banquet of the land; to-day he and the National railway are looked upon by too many as "the old man of the sea." Yesterday the Minister of Justice (Mr. Guthrie) was wanting to claim the Canadian National as his own baby; to-day the evidence is not lacking that the government would like to get rid of the Canadian National as expeditiously as they got rid of its head.

Mr. McGIBBON: We have $922,000,000 more debt than you had.

Mr. MOTHERWELL: My hon. friend was quite moderate in his speech and he should let me try to be the same.

It is pretty hard to touch new ground in discussing this bill as it has been mauled around so much, and quite properly so. My conception of the Canadian National is that it is the people's railway. No less an authority than the Prime Minister (Mr. Bennett) says that it is the bondholders' railway, but I should like to know when the foreclosure took place. As long as the interest is paid by the government, the mortgage cannot be foreclosed. I wonder what we would call this statement of the Prime Minister if we were not trying to be moderate? I have no name to suggest and I leave it to every hon. member to think out for himself.

I do not like the idea of these two dictatorial boards. If you get into trouble with one it will be like jumping from the frying pan into the fire to go to the other for redress. The arbitral board will consist of practically one man, the chairman of the board of Railway Commissioners. He may prove to be such a biased arbitrator that those who appear before the trustee board will never appear before the arbitral board. Imagine going with a dispute to a one-man biased board! I do not know the chairman personally, all I know is that he is not necessarily a railway authority. He will have to rely upon the evidence adduced before him by the two railways, who will have the best lawyers they can possibly obtain. His decisions must be based upon the evidence. I have been a magistrate a long time and I know that decisions must be given according to the evidence and the value that can be placed upon such evidence. I pity anyone who is placed in the position of adjudicating upon a technical question about which he knows nothing. I do not know whether or not the present head of the railway commission is a practical railwayman, but if he is not there will not I think be many references made to that arbitral board.

Why do we object to the appointments to the trustee board being made by the government? With the appointment history of the party opposite we know that only such men as will carry out the will of the government will likely be appointed. That is possibly only natural. Certainly they will not be appointed to go contrary to the will of the government. What is the will of the government in connection with the Canadian National? Many hon. members present will remember the Prime Minister's first budget speech when he held forth with all the eloquence at his command upon the alleged terrible condition of the Canadian National. He grew quite red in the face, almost as red as a bubbly-jock, if the house knows what that is. He spoke with vehemence and almost with venom, and then pretended that his words were the words of a friend. I cannot imagine anyone speaking about an institution with which he was friendly and using the tone of voice the Prime Minister used at that time. Hon. members can read Hansard of that day—June 1, 1931. I do not take particular exception to the facts as recited, although it was assembled in the worst possible manner for the Canadian National Is that a friendly attitude? Not then nor since then have I heard any words from the Prime Minister which could be construed as being friendly to the Canadian National.

What about the branch line building programs for the Canadian National which the Liberal government brought down when we were sitting on the other side of the house? I draw the attention of the house particularly to the building program presented by the Hon. Mr. Dunning when he was Minister of Railways. No complaints were ever registered by the then opposition against the proposed expenditures; if there was any criticism against the programs of the Liberal government, especially during its later years, it was because we were not building more branch railway lines. It will be recalled that Mr. Dunning played a big part in controlling both railways in their attempt to build lines in Alberta and Saskatchewan which would be duplicating lines. The present government wants to absolve itself from all this responsible work by handing everything over to a board about which we do not know anything except that it will be appointees of a government in which

there is little public confidence left. After these Liberal branch line railway programs were brought down and fully discussed and approved unanimously in this house, invariably in another place that we cannot name the bills were slaughtered without the slightest hesitation whatever in 1924 or 1925. I have travelled over the route of these proposed railways during the parliamentary recess and have seen them for myself. I motored for several hundreds of miles along the route of one in which I was not personally interested whatever except as a citizen of Saskatchewan, and at that time I was the only representative from Saskatchewan on the Liberal side of the house. But all that railway legislation was slaughtered in another place, and naturally that stirred my ire against that other place. It showed me not only where that other place stood but where the then leader of the opposition in this house stood, the gentleman who is now in that other place as the bull moose thereof. That is the reason, Mr. Speaker, we are afraid of this board, because the record of the Conservative party has always been against the National railways with one notable exception, and that is when they started first to take over the Canadian Northern and Grand Trunk Pacific, and they left the roads with two heads and two staffs quarrelling for preference. If anyone ever performed a superhuman task it was Sir Henry Thornton in bringing the two railways out of the miry clay in which they were foundering and setting them on a solid rock foundation looking to a better day, and he did introduce a better day for the National railways until the world calamity befell the National railways like it befell everything else. Why, Sir Henry Thornton was not long enough in the saddle to warm it before the then leader of the opposition (Mr. Meighen) had his harpoon into him up to the hilt. You remember, Mr. Speaker, what he said about the Scribe hotel in Paris, which afterwards turned out to be a good investment. The present leader of the government has nothing on the then leader of the opposition for scathing denunciation of the National railways, for there was nothing left unsaid against Sir Henry Thornton and the National railways, and this in spite of the fact that the then leader of the opposition had claimed the Canadian National Railways as his own infant at the outset, but denounced it when it seemed to be under a cloud.

What further reason have I for doubting the personnel of this board of trustees? The government has thought it wise to call them trustees, because they say the condition of the roads is tantamount to being in a receivership. How is that ever going to help the market for Canadian Pacific Railway shares? See the suggestion contained in that! It is not fair to the Canadian Pacific Railway. I have no interest in the Canadian Pacific Railway except that I am a great admirer of it. It is well said that a tree is known by its fruits, not by its blossoms and leaves, although both are necessary to fruition; and we must judge of the appointments that are about to be made by the government by the ones which it has made in the past. I know I am getting on delicate ground for a moderate address, and I will go easy. All I will ask the house to do is to recall some of the earlier major appointments by this government and the very last appointment. In view of those appointments, are we likely to consider that the government will set up an impartial trustee board? By their fruits ye shall know them, and we know their fruits, and we know the government, by this time, and that is the reason we are suspicious. Yes, I am suspicious. I am not so simple minded as to put all that uneviable record to one side and expect that everything is now going to be all right. It may be that we shall get a surprise when this board is appointed. Maybe it will be composed of three fair-minded, impartial men, whom all will approve, and just because there is about one chance in a thousand of that happening I am less severe at this time than I otherwise would be. I hope we shall get such a surprise. Assuming that we get such a board, the three best men available in Canada, without any prejudices at all, I do not ask that they must be predisposed towards the National railways, like some other hon. member has suggested. All I ask is that they be fair to the Canadian National Railways. But assuming that we get such a board, how much better is the situation going to be from the government's standpoint than obtains now with voluntary cooperation between the two roads?

This question of compulsory cooperation is one upon which people differ honestly. If I recollect aright, a number of the officials of the Canadian National Railways opposed strongly the idea of compulsory cooperation on the ground that it was impossible, that the two words "compulsion" and "cooperation" were antagonistic to each other. The same question arose in connection with the wheat pools, where the first question that we came up against was whether we should have a compulsory or a voluntary pool. Compulsory cooperation? Well, Mr. Speaker, I have seen decisions of judges of the western courts that there was no such animal as com-

pulsory cooperation, and that there could not be, that compulsion was antagonistic to the conception of cooperation, that they were not in any sense complementary to each other, but that one was the very antithesis of the other. That is the position that I have taken for twenty years, and it is the position that Saskatchewan and the west generally takes to-day. Compulsory cooperation would be a very dangerous experimental step to take and might have the very opposite effects from those hoped for.

I was delighted to hear the minister express his belief in a better day coming, and then he went on to say how finely our two railroads were getting along with voluntary cooperation, and what economies were being made. He said that he did not believe that there was a road on this continent which could make a better showing than these two railway systems in Canada had done in the matter of effecting economies during the last two or three years. Well, there are times when good enough should be left alone. It is not a very good slogan, in normal times, I admit, but just now it is a good slogan. I wonder, Mr. Speaker, if in your pioneer days you ever had the experience of driving oxen, or a horse and a mule, or a pony and a cow. Well, you have some manouevring to get them to go together at all, and if you finally do get them to work together satisfactorily, just leave them that way and don't be monkeying with them any more. Here are two great rivals in the railway world, and if they are cooperating voluntarily and to good purpose, my advice would be to just let them be until they show some evidence of not wanting to cooperate. Why are they cooperating? Wild horses could not keep them from cooperating now because adversity is driving them to it; their very life depends upon it; and as long as they are bringing about these economies by voluntary methods, I say it is much better to let them go along that way and wait until they show some disposition not to cooperate before we step in and try to compel them, a change that in my opinion might only be for the worse. It will not take long to find that out, but it will be quite a while before this depression is over and they cease cooperating by voluntary methods. Necessity, I repeat, will compel them to do so for several years, as well as public sentiment. Therefore I am absolutely opposed to this absurd idea of compulsory cooperation, particularly when it is admitted that no one can hope for anything better under compulsory cooperation than we are getting to-day under voluntary cooperation. Then why disturb the present relationship between the two railway systems? They are cooperating now voluntarily because it is mutually necessary and beneficial and they cannot afford to do otherwise. We find throughout Canada a replica of the same condition among our people. Men who years ago held old grudges against other men are to-day shaking hands with each other, neighbouring with each other. They are saying, "If there is anything wrong with your binder come over to my junk pile and you may have anything you can root out of it." We are doing that for each other, to save buying repairs. So far as I know, that condition runs all through society to-day. It certainly obtains among the farmers, and we see it even between our competing railways although it is not quite so much in evidence.

Therefore I am opposed to all the features of the bill to which I have referred,—both boards and that feature concerning compulsory arbitration.

Mr. MANION: Outside of that you agree with it?

Mr. MOTHERWELL: Yes, outside of that I agree. I tell you right now, my major regret in connection with this bill is that I have not a thousand votes to record against it.

Mr. McGIBBON: That hardly seems enough.

Mr. MOTHERWELL: I believe it will be a disturber of the peace. In respect of the people's railway we are abdicating in favour of two boards; thus betraying the trust reposed in us as the real trustees of this railway property. The whole country is being advertised as bankrupt, in order to justify this legislation, and as if this depression were to be permanent.

I have a few words to say concerning the surgical operation to which the Prime Minister referred. The hon. member for North Bruce said the Prime Minister's illustration was not very apt. According to the Prime Minister when a disease is deep seated, in order to get the cankers out by the roots the operation must be correspondingly deep. Well now, the government began its operation by taking Sir Henry's head off; what further necessity was there for sending him to a hospital. I think my own colleague's simile was a little out of line, because certainly when Sir Henry had his head off he did not need further hospital care. In my view that is the tragedy; don't make any mistake about it. If there ever was a superman on this North American continent, it was Sir Henry Thornton. I had not been in the 1921 election cam-

paign very long before I found there were two classes of people on whom I had to keep my weather eye. I dare not discuss railway matters with either of them without getting into trouble with the other one. One was the Canadian Northern staff and the other was the Grand Trunk staff. That condition entirely disappeared long ago, thanks to the leadership and prestige of Sir Henry Thornton. If there is another man in Canada who could have done that, I don't know where he is. He did it in very short order, inside of three or four years. We make no apologies for the selection of Sir Henry Thornton; we were and still are proud of him. Why? Because he has shown the Canadian National Railways can be put on their feet; we have shown the way to do it. We responded to the demand for no political interference. In response to public appeal we exercised as little as possible interference, consistent with good business. But, do not make any mistake about it; in nearly every railway building program laid before the Liberal Minister of Railways something had to be cut out before the money was asked from parliament.

I make that statement because the Prime Minister indicated in one of his speeches—not the one he made yesterday—that there was not a capital outlay asked for by the Canadian National which was refused by the old government of that day. That is not correct. Lots of them were cut out. There were many adjustments also in regard to the program of building lines that the public knew nothing about, and some the public did know something about. Supposing we get this super-board, what will be the result? Results will depend on the attitude the board adopts. Good results could come from a super-board such as the one suggested, if they are brought about by conciliation and not by compulsory measures. However that, I repeat, depends entirely on the personnel of the board.

Mr. Speaker, I ask the house to take it from me—I don't know whether they will or not—that in matters of administration by the board of stewards there are a hundred ways of throwing favours to the one railway and against the other. Indications are at present that freight is switching from the Canadian National to the Canadian Pacific. In that connection I should like the Minister of Railways to make an investigation so that he may make a statement thereon when we are discussing his estimates. I have been making some inquiries, and although I do not like to make definite statements, because my information may not be accurate, I have learned that whereas in 1930 the freight per mile carried by the Canadian National System surpassed that carried by the Canadian Pacific, to-day the Canadian Pacific is very considerably ahead. The same applies to passenger traffic. Has that occurred by accident, or by design? That condition has arisen without a board.

Mr. MANION: If the hon. member will permit me I should like to reply that I do not believe the Canadian Pacific is ahead of the Canadian National in regard to any type of traffic. The Canadian National has been handling the greater proportion of the traffic throughout, and is still handling about the same proportion.

Mr. MOTHERWELL: I wish the minister would get the index figures.

Mr. MANION: I will.

Mr. MOTHERWELL: I know business can be thrown one way or the other. Ministers and their friends and staffs can give a fair share of their personal travel to the Canadian National; that has been done. It could have been thrown the other way, if we had liked. The same applies to freight. There was one condition with which I was never quite satisfied when the late government held office, namely, the relative amount of cross-Canada mails carried by these two great transcontinental railways.

Mr. MANION: I have the figures now, if the hon. member would like to hear them.

Mr. MOTHERWELL: It all depends on what time I have left to speak.

Mr. MANION: The figures bear out what I said, namely, that the Canadian National does the greater business.

Mr. MOTHERWELL: I should like to have it on Hansard, but I do not know how much time I have left.

Mr. MANION: I shall ask the Speaker to allow the hon. member as many more minutes as he wishes to have.

Mr. MOTHERWELL: I have never had that offered me before, so I acquiesce gladly.

Mr. MANION: The figures I have before me show the gross operating revenues for the Canadian National and Canadian Pacific railways, and are as follows:

Year—	Canadian National	Canadian Pacific
1925	$244,971,203	$201,176,745
1926	266,187,825	217,359,680
1927	268,704,294	221,420,916
1928	304,591,268	251,567,043
1929	290,496,979	233,339,514
1930	250,368,998	196,211,626
1931	200,505,162	154,963,411

Unfortunately I have not the figures for the Canadian Pacific for 1932, but I am informed they are in the same proportion.

Mr. MOTHERWELL: I thank the minister for the information he has given. However I hope he will not take exception when I state that on one hand his figures may mean a lot and on the other they may not mean very much. I think they have to be worked out on an index basis in order to get a real comparison. I was going to point out that there are so many ways of causing the Canadian National to go back and its rival to go forward, if this trustee board so desired. I think everyone will agree to that. It altogether depends upon their attitude. I am not suggesting that they should be ardent advocates of public ownership, all I suggest is that they should be fair to it, not be prejudiced against the national road nor the Canadian Pacific. Let us see what would happen. If my suspicions—they are suspicions only, if you like, but, as indicated already, mighty well founded—if my suspicions be justified, and if the national road goes back with regard to its relative passenger service or with regard to the volume of its relative freight service, it will go back and back and back until there is nothing but a decrepit emaciated skeleton of a railway left, and then no one will want it except at a song and the people of Canada in desperation may then want someone to take it off their hands on whatever terms are obtainable. I take the ground that no man and no government, much less this government, should put itself under suspicion as they have done in this bill. I used to think in my youth that I could take any course I liked, no matter how suspicious it looked, not caring for the opinion of my friends. But I have come to the conclusion that no man, especially no public man, can afford to do that. I would say to the government that no matter how great their leader—and he is a great man in many respects, except in the one respect of properly governing Canada; he is a great orator; he has the greatest power of invective I ever heard; it is good for us that we are getting thick in the skin or he would have it all off us—but I say that even he, and I feel sure he is an honourable man, cannot afford to put himself under the suspicion that he is under in my mind and in that of thousands of others in handing over our great railway property to these two unknown boards appointed by himself, to do with it practically as they please.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, my colleagues have very well covered the ground from the labour standpoint. I agree with them that provision for displaced employees should be the first charge on the savings resulting from the proposed change. I would further urge that this bill should go before the committee on railways and canals; it is an important bill, the details of which should have full consideration, fuller consideration than can possibly be given by the committee of the whole. It seems to me that there is no reason why we should simply take the conclusion of the Senate committee without ourselves giving ample opportunity for the very fullest discussion.

As we all know, the roads of this country were built to serve the people. I submit that the present legislation indicates that the people from now on are destined to serve the railroads. The railroads in Canada were built in the first place to make this dominion a possibility. We could not possibly have brought into one legislative unity a territory so vast as this without having good means of communication. Further than that, in the earlier days of the settlement of the west the railroads were undoubtedly built for colonization purposes. Large communities grew up alongside of these railroads, and I submit that the settlers must not be left stranded. We are asked to think of these railroads now entirely in terms of business, whereas they were constructed in the first place to serve the needs of the people, that is for the purposes other than strictly profit making.

This problem is being considered in isolation from other problems, but we cannot possibly solve the railroad problem in Canada apart from the solution of our other economic problems. It has been stated that the railroads are strangling business, are a heavy burden on the people of the country. I would point out that it might more truly be said that business—or the lack of business—is strangling the railroads. If the government would adopt policies which would lead to a larger amount of trade I think there is no doubt that to a considerable extent the railroad problem would be solved.

In this discussion, and in the report, attention is centred on the Canadian National Railways. The minister himself asserts that the Canadian National is directly our problem. May I suggest that the Canadian Pacific Railway is equally our problem; you cannot separate the one from the other. In either case it is the public that pays. May I call attention to the enormous amount that was spent by the Dominion of Canada on the Canadian Pacific railway? In a return brought down about two years ago it was indicated that the total outlay of the dominion on the

Canadian Pacific railway as far as the Department of Railways and Canals had record has been $88,822,471.70, and that in addition there is an item of $10,189,521 referred to by the bureau of statistics tabulated report for 1925 as having been paid to the Canadian Pacific Railway Company for lines relinquished. There is also the question of land grants, stated by the Dominion Bureau of Statistics to amount to 24,953,133 acres. In addition to that enormous advantages were gained by the Canadian Pacific Railway Company throughout the years in having their lands exempt from taxation, and also in the subsidies which have been given in various ways, such as mail contracts and so on, and the practical guarantee of high freight rates made possible through the Board of Railway Commissioners. In all these ways the Canadian Pacific has received huge grants and an enormous amount of assistance from the Canadian people, and it seems most unfair that we should centre attention upon the one railroad called the Canadian National.

Take the question of extravagance. The Duff report at page 21 says that there was intense rivalry between the two systems in new territory. Again it says:

> The development of this territory did not meet expectations, and the railways now find themselves with additional traffic mileage and an increased burden of capital charge.

Take the question of hotels. As at December 31, 1931, the Canadian National hotel investment was $31,828,234, whereas the Canadian Pacific hotel investment was $71,148,772, considerably over double. If there was extravagance on one road, there was also extravagance on the other, and as I have said, it is always the public that ultimately pays.

In his speech the Minister of Railways (Mr. Manion) eulogized the present board of directors, but he did not say why, if the board had done such excellent work, his bill should provide for the scrapping of the board and the setting up of an entirely new arrangement. He complimented the present management on the decrease in operating costs, which in 1932 amounted to $44,000,000 or 112 per cent. He took the trouble to point out where these savings had been made —in the higher salaries, in travelling expenses, club dues, radio and legal services, and advertising, a saving amounting to $4,000,000. After all, that amounts to but a very small proportion of the total saving of $44,000,000. I think it is safe to say that the greater part of that sum was saved by reductions in wages.

Mr. MANION: And reductions in traffic.

[Mr. Woodsworth.]

Mr. WOODSWORTH: Yes, partly through a reduction in traffic. The reduction in passenger service was estimated at $8,000,000, but I submit that in reality this means largely a reduction in wages. There is a certain saving on the amount of coal used, but I think something like 67 per cent of the entire operating expenditure is taken up by wages.

Mr. MANION: Of course that is quite right, but they cannot pay wages if there is not enough traffic to provide work for the men.

Mr. WOODSWORTH: I am just pointing out that to a large extent this reduction has been made by reducing wages, reducing staffs and putting men on part time work.

Mr. MANION: I was only mentioning these special economies of the higher staffs.

Mr. WOODSWORTH: In his speech yesterday the Prime Minister (Mr. Bennett) made this entirely a financial problem. I cannot agree with that. The whole of our Canadian development has conformed to the development of railways; settlement all through the west has largely followed the extension of the railway lines into new territory. The Prime Minister suggests that it is time for plain speaking, and then he enunciates his conception of the situation. I think I am being fair to the right hon. gentlemen when I put his argument into three propositions. The first is that the road belongs to the investors, and the right hon. gentleman pointed out that these investors were scattered over Canada, the United States, Great Britain, Europe and even Asia. The Prime Minister says the people do not own the road but that at best they own only the equity of redemption. If the road is indeed bankrupt I suppose that means that since we have no assets the people own the right to pay the debts. I take it that this is practically what is involved.

The Prime Minister's second proposition is that the road is bankrupt. It is not going through any bankruptcy court; the proposals in the bill suggest a very much different line than bankruptcy proceedings. Then the third proposition is that the dominion and the provinces cannot default. The Prime Minister says this is the time for plain speaking, so in this case I should like to ask why not? Bankruptcy is a process devised so that a debtor shall not remain forever a hopeless slave. The Jews had a very good way of accomplishing this; every fifty years they declared that the debtors should go free. It is against all sense of equity that people should remain forever in slavery. I submit that although developments along national lines are very recent, we are beginning to witness a somewhat simi-

lar process being worked out with regard to national and international affairs. A few months ago there was great rejoicing when an international conference declared that reparations were practically at an end. What did that mean? It involved the repudiation of international obligations. France reduced her franc from approximately twenty cents to about four cents. What did that mean but the repudiation of a great part of her national obligation? I happened to be in Europe a little over a year ago when Great Britain went off the gold standard. In good faith I had invested a certain amount in English sovereigns, but suddenly I found myself deprived of 25 per cent of my English investment. That was a repudiation by Great Britain of her obligations to the extent of 25 per cent. In more recent years we had Great Britain notifying the United States that she could not continue to pay her war debts to that country. Again that was a repudiation of a solemn national obligation. Well, I submit that once we recognize that it is possible to repudiate international obligations such as these, we may very soon come to consider whether we must indefinitely retain the idea of the sacredness of all so-called national obligations.

An hon. MEMBER: Individual also?

Mr. WOODSWORTH: I have not said anything about individual obligations; I was speaking of the repudiation of some of the so-called sacred national obligations. I agree with the hon. member for Muskoka-Ontario (Mr. McGibbon) when he says this bill offers no permanent solution. It is a temporizing measure. We have been accustomed to think of royal commissions as being entirely impartial and above political considerations in the reports they present, but I think this report bears evidence of being political in character; that is, it brought in only such solutions as might be considered politically feasible.

Having laid down his general principles that the road belongs to the investors, that it is bankrupt and that the dominion and the provinces cannot default, the Prime Minister proceeded to outline his special device for meeting the situation. The trustees, he said, are in reality in the position of receivers. Strangely enough, however, the bondholders receive all the benefits of a solvent enterprise. That is the curious combination we have offered to us.

Mr. YOUNG: They are the receivers.

Mr. WOODSWORTH: Yes, they are the receivers, if you like; they receive it all. The Prime Minister tells us we are to have all the benefits of a receivership but at the same time the road is to be kept in operation. He tried to frighten us by suggesting what would happen to the public if the road ceased to operate, and he also suggested the dire things that might happen the employees in such a contingency, but he did not say anything about what would happen to the investors if the road ceased to operate. It is impossible to think of this road ceasing operations; hence there is no use trying to frighten the public by referring to anything of that kind. In this case, as at the time the government took over the Canadian National, if this bill passes we are entering into an agreement by means of which we are trying to save a group of investors at the expense of the general public. Under a receivership, as we would deal with private debts, the investors might get fifty cents or thirty cents on the dollar, but under this arrangement we practically guarantee the investors a hundred cents on the dollar, even though it means that this parliament must give up all real control, and in addition undertake to pay all deficits. A few weeks ago a financial friend of mine suggested rather a good scheme, which I pass on for what it is worth. Why not exchange these bonds for shares, and pay dividends on the shares when the business warrants it? I do not see why one class of people should be entirely exempt from the exigencies which affect everyone else. Sooner or later we shall have to face the scaling down of the bonded indebtedness of this road, and I cannot see why at this stage we should enter into any arrangement that would reduce the people of Canada to almost perpetual slavery, slaving to pay the bondholders of the road.

Amalgamation has been proposed and it has been rejected by those responsible for the Duff report. Further than that, the Prime Minister has I take it given his guarantee that there will be inserted in this bill a clause to the effect that nothing in the measure shall be regarded as looking to amalgamation. Whether that is done or not, I do not think makes a great deal of difference. This is moving in the direction of amalgamation, and I would not condemn it for that reason because in my opinion, taking the long view, amalgamation of our roads is sooner or later inevitable. I would urge however that if and when that amalgamation comes it must be amalgamation under government and not under private ownership and control. What I fear in this bill is that the way may be opened so that possibly by degrees there may come an amalgamation under private ownership. It

seems to me that when amalgamation comes it must be amalgamation not only of these two great railway systems but of all motor traffic, of all traffic by water and of all traffic by air, so that all these great systems of transportation and even of communication shall be correlated into one vast transportation organization. Sooner or later, I think, we must face some such development.

The present bill has been characterized by some as a socialist measure. There is perhaps some ground for saying that, but it is only in part socialist. It is a long step I submit towards the control of private corporations, and I do not much wonder that Mr. Beatty rather protests against a bill of this kind. Undoubtedly it is a long step in the direction of the control of private corporations. The thing I do not like about it, however, is that the kind of control proposed is not democratic. I agree with the hon. member for West Lambton (Mr. Gray) and others when they say that we shall be setting up a virtual dictatorship. The appointment of this board of trustees will not be democratic; as pointed out time and again, they will be a self-perpetuating board whose removal will not be easy. Moreover, the powers of the board are very largely in the hands of one man, which means, as far as I can read the legislation, that we are setting up a virtual dictatorship.

A good deal of fault has been found with Sir Henry Thornton because he was too far removed from the control of parliament. He was probably as good a man as could have been selected, with a wide experience both in railroading and in public affairs; yet as time went on a great many hon. gentlemen in this house began to feel that he had been given too great latitude. In more recent years Sir Henry Thornton himself, with his staff, appeared before a special committee of this house to go over his estimates, and some thought that this was putting him in rather an undignified position, that he should be asked to discuss matters with parliament. But the protest came from both sides of the house in more recent years that he had altogether too free a hand, and that, I submit, has been the ground for such severe criticism of Sir Henry Thornton on the part of the present administration. Yet they are now proposing to place in the hands of one trustee power which is a great deal more autocratic than any at any time exercised by Sir Henry Thornton. I cannot see the logic of such an argument.

Since the bill is founded largely on the Duff report, we must examine the report to understand the purposes of the measures proposed. And here may I say a word with regard to the personnel. The commission itself was suggested by the president of the Canadian Pacific Railway and endorsed by Sir Henry Thornton, and the personnel of the commission might very well have been chosen by the former gentleman himself. The bondholders were well represented. As pointed out by my colleague from North Winnipeg (Mr. Heaps), however, Labour was not represented at all. It would seem that, with the large numbers of Labour men and officials who have made such a large contribution to the building up of this road, there should have been some representation on the commission from the people who actually know railroad affairs, but there was none whatever. The bondholders, I repeat, were well represented. More than that, several gentlemen on the commission were very decidedly private ownership men. One has only to read the evidence—I have not time to go into that to-day—to note the extreme bias, shall I say, of Mr. L. F. Loree, who again and again came out urging the most drastic cuts in the wages of the men and repeatedly pointing out the benefits of private ownership under which the road would not come under the review of the parliamentary authorities. And even the vice-president, Mr. Ruel, declared very definitely his belief in the advantages of private ownership. With this evidence before us I agree with the hon. member for North Waterloo (Mr. Euler) that when the board of trustees is appointed there should be on that board men who are heartily in sympathy with the principle of public ownership, for only such men can be expected to make this great public ownership enterprise a success.

Let me comment briefly on the main considerations which the commissioners say they had in mind. First, they say, the identity of the two railway systems should be maintained. In my opinion this leaves the way open for further trouble. I think it was Lincoln who said, during the Civil war, that it was not possible to have a nation half slave and half free. I do not think it is possible permanently to have one half of our transportation system under private ownership and the other half under public ownership; one or the other must give way. So that this is a temporary expedient. In the second place, they say that the management of the national railways should be emancipated from political interference and community pressure. It seems to me that that is an expression of absolute despair with regard to parliamentary and democratic institutions. What is meant by the phrase "community pressure"? If it means that the people located out on the

prairies fifty, one hundred or two hundred miles from a railway have no right to press their claims for railway services, then I say this is something we ought not to permit. Many of us who have lived through the pioneering days know what it is to have our friends far removed from any railway line. They were induced to go out there and year after year, sometimes decade after decade, they waited for railway services. They sacrificed the education of their children as well as their own immediate welfare in the hope that one day the railway would come. Is it meant that there must be no community pressure of that kind, no consideration given to the needs of local communities? Let me say again that in the first place these railways were constructed to serve the people and I protest against any change in policy that makes the first consideration that of providing dividends or guaranteeing profits to the bondholders.

Mr. MULLINS: Would the hon. member take away the savings of widows and orphans?

Mr. WOODSWORTH: I wish the hon. gentleman would not bring up the widows and orphans to-day. I know he is thinking of some of the bonds held not by widows and orphans but by some other hon. gentleman. The widows and orphans always make a good smoke screen. I am as anxious as any hon. member in this house to protect the widows and orphans but I should like to ask the hon. member how he proposes under this bill to protect the widows and orphans of hundreds of thousands of railway employees.

Mr. MULLINS: By making the line a success.

Mr. MOTHERWELL: What about the widows and orphans on the frontiers?

Mr. WOODSWORTH: As the hon. member for Melville (Mr. Motherwell) says, what about the widows and orphans on the frontiers, and widows and orphans generally?

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. WOODSWORTH: Before the house took recess I had been trying to point out that we in this corner are not opposed to labour saving devices or to economies in management or even to amalgamation, but we consider that the welfare of the workers and of the community and the rights of this parliament should be safeguarded. We believe that the care of the men displaced should be a first charge upon the savings effected, and that amalgamation, if and when it comes, should be under public ownership and should include not merely railway transportation but other transporation systems as well.

I further tried to point out that our roads were constructed in the first place to serve the people, but that under this bill, as I see it, the interests of the employees and of the public generally are to be subordinated to the interests of the bondholders. The Prime Minister explained that we should all sacrifice. Yes—all but the bondholders, who are not called upon to make any sacrifices at all. Indeed, it would seem as if the bill was primarily designed to bring about a condition under which the bondholders will receive one hundred per cent even though the road is declared by the Prime Minister to be bankrupt.

Mr. MANION: Would my hon. friend explain how he would go about dealing with the bondholders? I am a little puzzled at his remarks.

Mr. WOODSWORTH: There are various ways in which it could be done. As I said this afternoon, we recognize that under certain conditions, when a private concern is hopelessly insolvent some relief must be given. The concern goes through a formal process by which it passes into the hands of a receiver, and the creditors have to accept a certain percentage of their claims. But it is not proposed that this road should go through any process of that kind, even although the Prime Minister suggests that the trustees occupy the position of receivers. This afternoon, I made a concrete suggestion which I said had been given to me by a financial friend of mine, that we might possibly offer shares to the bondholders.

Mr. MANION: But they would not accept that.

Mr. WOODSWORTH: They might be forced to accept it, and in such a case it would mean that they would have been called upon or forced to sacrifice to the extent that the rest of the community has to sacrifice, just as they might enjoy prosperity when prosperity returns to the rest of the community.

Last summer I could not but think of the waste by duplication that has taken place in our transcontinental systems and also of some of the more remote consequences of this waste. I drove by car from Edmonton to Jasper over the right of way which has since been abandoned. The grade has been trans-

formed in part into a highway. The steel rails are gone, the ties are gone, some of the bridges are gone, but the interest has still to be paid on these vanished bridges and ties and rails. In the construction of those roads many a man was killed, and in some instances these men were buried in the dump and their dependents got very little recompense. The workmen are gone, but the interest has still to be paid on the dynamite that killed them in their blasting work.

It seems to me that we are recognizing the claims of only one group in the community, and at that only a particular group of the creditors, the bondholders, and so arranging matters that they shall be the beneficiaries of the entire operations of the road.

I then proceeded to the report itself, and said that a study of it would give us some idea of the considerations which the commission had in view. Paragraph (II) of clause 202 of the report reads:

> The management of the national railways should be emancipated from political interference and community pressure.

It seems remarkable that nothing is said about the pressure that has been exerted in the past by promoters. Anyone who knows the history of Canadian railroads knows that there has been a great deal of that pressure upon parliament and upon governments right from the very first. There was, for instance, the old scandal in connection with the Canadian Pacific Railway in the early days, and there were the scandals—I think them such—of the lobbies in connection with the old Canadian Northern. Everywhere pressure was brought to bear by private interests. In fact it is that pressure that has landed us where we are, and yet nothing whatever is said in this report about the pressure of private interests.

We are told that we must beware of political interference. Again let me say that the railroads themselves have been very glad to come to parliament in order to secure special privileges and grants and concessions, and now we are asked by these same roads—we were told that it was Mr. Beatty who had made the suggestion for the appointment of the commission, and this proposal was endorsed by Sir Henry Thornton—to place the railroads in such a position that they shall be free from what is termed political interference. It does seem to me that this clause in the report is a challenge to our parliament and to our so-called democratic institutions. If we are to adopt a dictatorship, let us do it with our eyes open; but we must remember the cost that it may impose upon the people of Canada.

[Mr. Woodsworth.]

We have been witnessing a very strange development in recent years. The management of industrial and financial affairs has passed largely into the hands of a comparatively small group of people who are not in any sense responsible to the people. It would seem as if by this bill we are deliberately sanctioning that kind of thing and placing the control and management of one of our largest public utilities in the hands of a virtual dictator. Political interference! We are to take that as it stands it would seem that before very long parliament must abdicate. Already as we go over the estimates we find that a very large proportion of the expenditure comes under what is termed uncontrollable expenditure, and now we are about to erect a board which will also be entirely uncontrollable, because I take it that no machinery is set up that will give parliament any effective control over the operations of this proposed board of trustees.

Paragraph (III) says:

> Machinery should be provided for cooperation between the two systems for the elimination of duplicate services and facilities and the avoidance of extravagance.

May I say that while this sounds well, I am afraid that in practice it will not work out. As Mr. Beatty said in an address before the Canadian Club at Toronto, which has already been quoted in this house:

> If we were mistaken in our appreciation of the value of competition, or did not sufficiently realize the waste and losses it involved, and especially involved in railway competition between the government of Canada and a private company, should we perpetuate another fallacy on the assumption that we can have competition and cooperation, that we can struggle for conflicting interests and yet not conflict? Why delude ourselves into the belief that we are super-men, indifferent to the spirit that competition and contest provoke, that we can maintain our own traffic and revenues and yet divide them, that we can act like enemies and friends at the same time, and, lastly, that we can afford to do the things we cannot afford to do and perpetuate the waste we cannot afford to perpetuate.

Clause (iv) is as follows:

> The attainment of a scale of economies which will bring the burdens of the national system within reasonable dimensions and effectively check extravagant and costly operation.

Again this reads well; surely everyone is desirous of eliminating unnecessary expense. But we must read this in conjunction with the preceding section, which warns us against community pressure, which, in practice, may mean the needs of the local community. Then, section (v):

Reasonable protection for the privately-owned undertaking against arbitrary action by the publicly-owned undertaking which might unfairly prejudice the interests of the privately owned undertaking.

The whole point in the section lies in what is fair or unfair. As I said this afternoon, we here face the fundamental question whether or not it is possible for a privately owned concern to exist in the same field with a publicly owned concern. It seems to me that ultimately the privately owned concern will, by perhaps a slow process, take over the one owned by the public, or sooner or later the public concern will have to absorb the private one. I am afraid there is nothing in the provisions of this bill to safeguard the publicly owned system, and with a board and tribunal constituted as proposed it will inevitably mean that private interests will in time obtain control. With these considerations in view I cannot support the bill.

Mr. E. J. YOUNG (Weyburn): Mr. Speaker, it is difficult to understand how the passing of this bill could solve our railway problem. At page 53 of the Duff report we find listed the contributory causes of that problem; they are seven in number. Let us go over them briefly and endeavour, if we can, to see how the bill is designed to deal with them. Of the seven contributory causes the bill pretends to deal with only two, and in my opinion deals with them very ineffectively. The first contributory cause is given in the report as—

The over-development of railways beyond the immediate needs of the country.

I might say, Mr. Speaker, that the over-development of our railroads, the excess mileage, is due not to the management or mismanagement of our railroads, but to state policy. From time to time it has been the policy of this country to have railroads built. If after this depression lifts we have another boom; if once more settlers should flock into the untilled portions of Canada, the same policy will prevail. Will those settlers not demand railways? If we put the management of the national railways and that of the privately owned system beyond the reach of public influence where they cannot be persuaded to build lines they do not want to build, what will follow? The men who go in and pioneer the new parts of our country will not be deterred from demanding railway services because of any reorganization of our railway companies. New companies will be organized; new charters will be demanded, and the parliament of Canada will not refuse them.

The second contributory cause given in the Duff report is—

Aggressive and uncontrolled competition between two nation-wide railway enterprises, a competition the more disastrous in that one of the competitors was publicly owned and supported by the full resources of the dominion.

That is the one contributory cause for which this bill appears to have been designed; for that reason we shall pass it for the moment, and return to it later. The third case appearing in the report is—

The reactions of the world trade repression which began in 1929 and has progressively increased in its severity with each succeeding year.

In my opinion that is the chief contributory cause of our present railway problem.

Mr. HANBURY: Read it again.

Mr. YOUNG: I will:

The reactions of the world trade repression which began in 1929 and has progressively increased in its severity with each succeeding year.

In my opinion, as I have said, that is the chief contributory cause. There was no railway problem when there was plenty of tonnage; there was no railway problem when traffic and goods were moving. There is less traffic to-day because business is not moving to the same extent. But certain business is moving; we ship as much wheat to-day as we did four or five years ago. We ship as much as we did in 1929, and the freight rate is just as high as it was at that time. The earnings of the railway companies from that source are just as great as and greater than they ever were. But the prices we are getting are such that we cannot bring goods back. It is not within the power of this government to increase the cash price that the people of Europe will give for our wheat. But when we sell our wheat abroad, although nominally we get paid for it in money, actually we take payment in goods, and it is within the power of this parliament to let us take more goods for our wheat than we are getting to-day. It has been and still is the policy of this government to insist that when we take payment for our wheat in goods we shall take less than the people in the outside world are willing to pay us. If, for example, the people of Great Britain are willing to give us two yards of cloth in exchange for a certain quantity of wheat, and our government steps in and says, "You must not accept two yards of cloth; we

will not allow you to accept more than one yard for that quantity of wheat," it naturally follows that our railways will have the job of hauling only one yard of cloth. There will not be as great a tonnage coming back. The same applies to our lumber. We are not shipping lumber out of Canada because the price the world is offering is not sufficient to pay the wages of the men who produce it. Lumber, like wheat, is paid for in goods. Our exports are paid for by our imports, and when the government of the country says to the lumbermen, "We will not allow you to bring in as many goods in exchange for your lumber as the people of the world are offering you," are they not denying the railways traffic? Are they not denying the railways the job of hauling the lumber out and hauling goods back?

Some time during the next summer we expect there will be a world economic conference. The best contribution our government could make to the solution of economic problems would be to announce that they are going to the conference firmly resolved at all costs to break down the trade barriers which have prevented the passage of goods backwards and forwards throughout the world. And, if other nations are not willing to cooperate to that end, our government should state that Canada at least will do her share to break down the barriers that are strangling her own trade.

This bill calls for cooperation between the two railway systems. A little cooperation between the government and the two railway systems towards the creation of traffic, and an effort to get goods moving, would do more to solve the railway problem than all the legislation in this bill, a dozen times over.

Then we come to the fourth contributory cause—

Competition from other forms of transport, notably road transport.

That was dealt with this afternoon by the hon. member for North Bruce. He made the very interesting suggestion, which I would like to repeat when this bill comes before the committee, that the minister be prepared to tell us how much traffic the motor and truck business has brought to the railways and how much it has taken from them. There is a growing feeling abroad that although motor trucks and automobiles have taken business from the railways they have added many millions of tons of traffic to the railways. It would be interesting for us to know what that figure is, but the bill does not make any provision for dealing with that contributory cause.

[Mr. Young.]

Then we have number 5:

Inelasticity of freight rates and railway practice generally which prevents prompt action in the meeting of falling revenues and dealing effectively with competition from other forms of transport.

Here again we have a contributory cause which is not being dealt with in the bill. Perhaps it cannot be. In my opinion that inelasticity, that rigidity in railway practice and freight rates, is due in large measure to the magnitude of the companies and perhaps those who believe in amalgamation will bear this in mind. I can illustrate it by an example. A friend of mine who once worked on a transcontinental railroad told me that the company had certain rules governing the conduct of its employees. My friend told me he was always in hot water with the officials. Why? Because when a situation arose he generally did the thing that he considered in the best interests of the company, the thing that he thought would move the traffic most expeditiously. In doing so he would break the rules, and the officials would say: "We cannot allow that. We know you did it in the interests of the company, but if we allow you to break the rules we will have to allow others to do so, and a big system like this cannot operate without rules." That weakness is inherent in such large bodies, and those who would combine our two railroad systems into one would do well to bear that in mind.

Then number 6:

Contractual arrangements with labour organizations which set up a rigid wage scale and inflexible labour practices generally.

There is nothing in the bill to deal with this very important contributory cause of our railroad problem. Not many days ago a delegation representing some 20,000 unemployed railway men came before the government to ask that these contractual agreements be set aside, at least for the time being. They said that in past years when times were more prosperous those agreements worked to their advantage, but to-day they are working to their disadvantage and rendering it impossible for many of them to make a living. There is another side to the question, that we have not heard. I would like to place some figures on Hansard in connection with our railroads for the years 1913 and 1931. I have taken 1913 as being the last pre-war year, and 1931 because it is the last year for which figures are available. This is what we find—and these figures apply not to the national system alone but to all railroads in Canada:

	1913	1931	Increase	Decrease
Investment in road and equipment..	$2,087,580,000	$3,464,380,000	$1,377,800,000	
Units of work done..	33,483,050,000	34,972,899,000	4½*	
Units of work per employee..	187,426	245,237	57,811	
Number of employees..	178,652	142,609		36,043‡
Total wages paid..	$115,749,825	$215,887,868	$100,000,000	
Labour cost per unit of work done..	·34	·62		
Units of work done for every $1,000 invested in road and equipment..	16,135	10,097		
Gross earnings..	$256,702,703	$358,549,382	$101,846,679	
Gross earnings per unit of work done.	·77	1·02		
Operating expenses..	$182,011,690	$321,025,588	$139,013,898	
Operating expenses per unit of work..	·55	·92		

* Per cent.
‡ Decrease.

A study of these figures reveals the fact that between 1913 and 1931 we spent hundreds of millions of dollars in improving our railroads —better roadbeds, heavier steel, stronger bridges, bigger cars, more powerful engines. For what purpose? To improve the efficiency of our system. And the result was what? Higher freight rates, higher operating costs. Capital investment in these railroads for betterments could have been justified only on the ground of increased efficiency, but we find that our capital investment has resulted in decreased efficiency and higher operating costs. That is not an indictment of the publicly owned or of the privately owned system; it is an indictment of the management of both systems.

The next contributory cause of our railroad problem is:

The special disabilities of the Canadian National Railways due to:—
(a) Assumption, through government action, of liabilities of insolvent railway systems for reasons of national credit.

In passing let me remark that it has been said that the government has advanced to the national system something like $1,000,000,000 which is added to the railway debt of the country and on which we do not receive interest. Some people are going about this country, quoting stupendous figures of the public and private debts of this country, and frightening people into the belief that they can never be paid. Take this particular item; here is $1,000,000,000 that the people of Canada borrowed first, and it was added to the national debt; then they lent it to the railway companies and it was added to the railway debt, and these people say the debt is $2,000,000,000, but $1,000,000,000 will pay it. If these people who are so busy stampeding the people would consider the duplications and triplications, yes, multiplications, involved in the figures they quote with respect to our debts, the amount would not look so stupendous.

Then, passing over item (b) and turning to (c):

Political and community pressure on the management arising out of direct government control.

Much has been said about what the railways are costing the government. I sometimes think it would be interesting to know what the government is costing the railroads. This political pressure to which it is said here the national is exposed is also exerted on the Canadian Pacific. We are told that in the last three years the railways have spent some $25,000,000 on relief. Why did they do this? The government persuaded them to do it. The government persuaded these railways to make improvements and extensions which they did not require and could not afford. The government said: "Do this in order to relieve the unemployment situation and we will pay the interest on the money until such time as you require these improvements." The debt of $25,000,000 is hanging over the railways in the meantime. I have no quarrel with that method of dealing with unemployment; perhaps it was the most economical method possible at the time, but when we ask the railways to shoulder $25,000,000 of a government obligation in order to relieve unemployment it is hardly fair to turn around and say the railroads are millstones about our necks.

Mr. MANION: We did not ask the railways to do anything they were not going to do. They advanced their work, that is all. They did exactly what they were going to do, only they advanced it.

Mr. YOUNG: It was not at the request of the government?

Mr. MANION: I think we proposed it, but it was part of their own work.

Mr. YOUNG: I admit that the work would have been done some day, but they would not have done it at that time. They did not need it; they could not afford it but they

did it to help relieve the situation which was facing the people of Canada, and in doing so they assumed an obligation of $25,000,000. It is not fair for us to say they are millstones around our necks while they are carrying that load for us.

Then I am told that in the western division alone the Canadian National Railways are compelled to pay $1,000,000 a year more for coal than is necessary, just in order that they might buy Canadian coal so that employment may be given in certain Canadian mines. If that is so in the western division how much in addition is being paid in the eastern division? I am told also that this same railway company owns a coal mine in Ohio which has been closed down so that Canadian coal can be used at this additional expense. That pressure has not been confined to the Canadian National Railways, for I understand that the Canadian Pacific was also pressed to use Canadian coal instead of coal that could be bought for less elsewhere. Is it fair to load the railways with that burden? I think it was in 1929 that Mr. Milne, who was then a member of this house, made an estimate of what the tariff policy of this country had cost the railways since confederation. Taking the total purchases of the railways during that time and the additional cost of those purchases because of the tariff, he figured that the railways had paid enough extra because of the tariff to have rebuilt and re-equipped every mile of railway in Canada.

I am sorry this bill is not going to the railway committee. I believe it would be in the public interest to have the officials of the two companies appear before that committee and tell us exactly what these insane buy in Canada policies are costing them. The other day the minister boasted that since taking office he has required the national railways to make larger purchases of Canadian made goods than they were making formerly.

Mr. MANION: Where they could get equal quality at equal prices; that is what I said.

Mr. YOUNG: I am glad the minister does not require them to pay more for Canadian goods than they would pay elsewhere, but could not the minister trust the officials of the company to do that anyway?

Mr. MANION: No, because they were specifying forty per cent of American goods, although in large part goods of equal quality could be obtained in Canada at an equal price.

Mr. YOUNG: Will the minister tell me why that specification was made?

Mr. MANION: I should like to know myself.

Mr. YOUNG: Did you not ask?

Mr. MANION: I corrected it, which was more important than asking why it was made.

Mr. YOUNG: It is very important from our point of view that we should know why that specification was made. I do not think the officials of the Canadian National Railways would insist on a specification of that kind without a very good reason. Evidently the minister was not concerned about that; he was concerned with putting a stop to the practice. At all events, I say it is not fair to the railway companies to make them adopt these uneconomic practices in their business and then say they are millstones around our necks. I believe the remedy is publicity. If we are going to adopt these insane policies we have a right to know what they are costing us. We should know how much in addition the railways must pay for their coal every year, as well as for other purchases, because of these insane practices.

Reference has been made to political and community pressure on the management arising out of direct government control. Look at this bill. Ostensibly it is to remove this board of trustees from direct government control, from political control but look at subsection 2 of section 14:

> The trustees shall so direct, provide and procure that all freight destined for export by sea which is consigned within Canada for carriage to national railways either at point of origin or between that and the sea shall, unless it has been by its shippers specifically routed otherwise, be exported through Canadian seaports.

Will any man justify that section on economic grounds? That is a political clause, pure and simple; no one will attempt to justify it on any other ground.

Mr. SPENCE: That is what you think.

Mr. YOUNG: I not only think it; I know it. That is a political clause. I do not say it is party politics, but it is politics; it is community pressure. This bill, designed to remove community pressure, has this thing embodied in it, and the trustees have no choice. The Canadian Pacific Railway is not bound by any such provision. That company is to be permitted to route its freight in the way that will give the best accommodation. The result of this provision will be that in time shippers will discover that they can get better service over the Canadian Pacific and they will route their freight over that line. I do not know how much money that will cost the Canadian National; I have no means of computing it. I know they will lose a tremendous sum because they will be forced to carry such freight

as they get 800 miles to the seaboard instead of 300 miles. But the Canadian Pacific railway will get the cream of the business.

Now let us look at the proposal. We are to have three trustees, holding office for seven years, who cannot be removed from office, whose salaries cannot be reduced and who cannot be disciplined in any way except by an address from both houses of parliament, and these men are to have a voice in choosing their own successors. The object of the removal of this board from public control, so we are told, is to escape political pressure. I cannot agree with the hon. member for North Waterloo (Mr. Euler) when he says these trustees should be men who believe in public ownership. I cannot agree on that point because in my opinion no man who really believes in public ownership would accept a seat on that board. This is the very negation of public ownership. Those advocates of public ownership who support that policy, and who say that the managers of this road should be removed from the control of parliament and the government as well as from the possibility of community pressure, by their very attitude confess that they have no faith in their own doctrine. We cannot have public ownership without public control. We might as well face facts. As a parliament we may remove this body from our own control, but we cannot escape our responsibility to the people of Canada. They will hold us responsible; they will hold the government responsible for the management or mismanagement of the system, and they will never accept it as an excuse if the road is mismanaged that you delivered the road into the hands of a body of men over which you have no control. If the people of this country have no capacity for managing a railroad that capacity will not be developed by taking the management out of their hands. If you leave the management in their hands and they show that they cannot develop the capacity to manage their own railroads, the sooner we find that out the better because in the long run our railways should be controlled by those who are best able to run them. The average citizen of this country is little concerned as to whether the title deeds to our railway rest in the government vaults in Ottawa or in the strong boxes of private individuals. What he is concerned about is this: What kind of service do we get from our railways and what is that service costing us? And if as a result of government ownership and operation we demonstrate that we can get better service at lower cost than under any other system, then in the end public ownership and operation will prevail. If on the other hand we demonstrate that we cannot run the railway, that we cannot manage our own affairs, then the sooner we find that out and transfer the ownership to those who can, the better it will be for all of us.

What is the remedy for undue community pressure? There is only one remedy that should be applied and that could be applied successfully under public ownership, and that is publicity. Let the people know; give them all the facts; let them know exactly what this policy of public pressure is costing the country. If a community is pressing for some special advantage to itself at the cost of the general system, let it be known; if a thousand communities are doing the same thing, let it be known; let it be known how far we are yielding to such pressure. If the public, with all the facts before them, and realizing that if one community is allowed to get some unfair advantage with the result that all the others are going to be allowed to do the same thing, public ownership is bound to fail—if, in spite of that knowledge, the public persists in that course, then they will have demonstrated their total incapacity to run their railways and the sooner they part with them the better.

Let us look at the bill again. I turn to part II, section 16. The two companies are instructed to cooperate. Now, the minister told us the other day that they are cooperating, and that by cooperating voluntarily they have made the very considerable saving of some $40,000,000.

Mr. MANION: The hon. gentleman is misquoting me; he cannot read that in my statement.

Mr. YOUNG: The minister did say they were cooperating.

Mr. MANION: I do not think I discussed it the other day. I said that the bill was for the purpose of making them cooperate to a greater extent than in the past.

Mr. MACKENZIE (Vancouver): The minister spoke of voluntary cooperation.

Mr. MANION: Yes. I said that it was not going on as it ought to. That was what I said.

Mr. YOUNG: At any rate there is cooperation going on and this bill is intended to make them cooperate to a greater extent; it so instructs them.

Mr. MANION: That is right.

Mr. YOUNG: But there is no one apart from the railway companies themselves to see that they do it. The officials of the railways

can put their hands in their pockets and declare that they are cooperating and neither the minister nor anyone else has any authority to compel them to do more. There is no one mentioned in the bill who can compel them to take the initiative; their instructions are that they are hereby directed to cooperate, and if in attempting to cooperate they find that there are questions of disagreement, then these questions shall be submitted to an arbitral tribunal to decide between them. The tribunal shall consist of three members, one chosen by each railway and the third one shall be the chairman of the Board of Railway Commissioners.

Let us consider what sort of questions are likely to come up before the tribunal. If one railway wishes to abandon a particular service or to close down a branch line that is not paying, that is a matter between the officials of that company and the Board of Railway Commissioners, and the other company will not appear in the picture at all. There is no room for cooperation there; there is not likely to be any dispute there. Where there is likely to be dispute is where both companies render similar service in the same territory and one says to the other, "You abandon this service to us; you leave this part of the field to us and over yonder we will leave that field free to you." Without any such tribunal as is proposed, if they were voluntarily cooperating, that is what they would say, and by a process of bargaining they would reach an agreement which would probably be beneficial to both. But with an arrangement such as is provided in this bill one might say to the other, "You abandon this field to us, but we do not know whether we will abandon that other field to you; we will arbitrate the matter." And so they call for an arbitral tribunal. If the company making the application wins, then it makes an enemy of the other company and that will be the end of voluntary cooperation. Cooperation from then on will be only compulsory, and as has been pointed out several times in this debate, compulsory cooperation is unthinkable; it is impossible.

But consider for a moment the position in which this bill will place the chairman of the railway commission. Suppose a question comes before the Board of Railway Commissioners. The chairman decides one way and all the other commissioners decide the other way and they vote him down. What can the chairman do? He can ask one of the railway companies, the one he happens to be in favour of, to demand an arbitral tribunal. That tribunal will be set up. It will consist of two representatives of the railways whose votes will neutralize each other, and he will be the sole arbitrator. So that you put him in a position where he not only dominates the arbitral tribunal but can defy the railway commission itself; for though the whole railway commission might be opposed to him, he could appeal from their decision and appeal to himself. In other words, you are making him, the chairman of the railway commission, an absolute autocrat in all railway matters in Canada.

Summing up I might say that, as outlined by the Duff commission, the causes of our railway trouble are seven. The principal ones are, first, lack of trade, which this government, if it will come to its senses and reverse its trade policy, can do much to alleviate. Next there is over-investment, which this bill does not and cannot remedy. Next, political pressure, which this bill cannot remedy, though it seeks to put the entire control of the affairs of the company beyond the reach of parliament. Next, contractual agreements, with which the bill does not pretend to deal. I see therefore nothing in the bill to warrant us in supporting it, and though I have every sympathy with the effort of the government to find a solution for our railway problem, I must say that I can find no solution within the four corners of this measure.

Mr. C. E. BOTHWELL (Swift Current): As I read this bill, it means that we are asked to turn over to three men an investment of some $2,300,000,000 of the people of Canada. Whether that is a good investment or not is to some extent beside the question. However, we have an investment there which the Prime Minister (Mr. Bennett) believes is good to the extent of the bonds that are outstanding in the hands of the public, amounting to about $1,300,000,000. Parliament is asked to divest itself of practically all responsibility to the people of Canada for the administration of that investment.

I am hopeful that we shall be able to put through the necessary amendments to this bill in committee. I feel satisfied that the government itself cannot be content with the provisions of this bill as it stands now, and I am equally satisfied that the people of Canada will never tolerate the members of this parliament permitting the bill to go through in its present form.

We all know we have a railway problem in Canada. We know that no one government is responsible for the situation; we know also that no one railway company is responsible for it. Everyone I believe is convinced that most of the people in Canada, along with the railway companies themselves, have to bear their share of the responsibility. Reading the evidence that was given before

the committee of the other house, it is interesting to note some of the remarks that were made by Mr. Beatty as to excessive or wasteful expenditure, as it has been called. At pages 33 and 34 of the proceedings before the Senate committee he is reported as saying:

The report makes mention of branch line construction and expenditure on hotels. In the policy of the company in these matters, competitive considerations had only a minor part. The chief factors were the interruption of railway construction during the war, and the rapid extension of settlement, particularly in the western provinces, which followed it. In Saskatchewan and Alberta alone the area under wheat increased from 6,993,000 acres in 1914 to 21,490,000 in 1930. Industry and commercial enterprises also entered new fields, and for all these, railway service was necessary, These settlements and industries owed their existence in a very large measure to the colonization and development work of the company.

And again:

The traffic returns of the new lines up to 1930 fully justified their construction, and the falling returns of subsequent years have been no more characteristic of the new lines than of other parts of the railway.

In order to give the viewpoint of the heads of both railways, I should like to quote what Mr. Hungerford had to say in giving evidence before the commission itself. He said:

Ever since the inception of railways, there has been an insistent demand on the part of communities for more and more railways with the object of opening up more tributary territory and thereby securing a larger volume of trade, and the country as a whole has generally supported large railway projects, even although they involved the building of a very large amount of mileage through almost wholly undeveloped territory.

After referring to the extensions which were made because of the insistent demands of the public, Mr. Hungerford directs attention to the fact that this railway development assisted largely in the development of industry and the external trade of the country. I quote further from his evidence:

It is significant that while railway mileage increased between 1900 and 1929 by 135 per cent—the gross earnings of railways in the same period increased 656 per cent and the external trade of the country increased by 645 per cent, from which it appears to be a fair deduction that the external trade of this country has been made possible by the developments through railways.

The railway situation now confronting Canada has been brought about not only by the building of these colonization roads but by the dearth of traffic offering to the roads. This was referred to by the hon. member for Weyburn (Mr. Young), who directed attention to the fact that the restricted trade policies of this government have something to do with it. There is a dearth of traffic offering to the railroads in other countries; a railroad problem is not peculiar to Canada. The same situation exists in the United States and in Great Britain. We must not get panicky because we have to face a difficult situation. There is no doubt that there is some duplication of mileage and a decline in passenger and freight traffic attributable to other competition. The complaint has been made by the commissioners that some of our problem is attributable to the contractual relations with labour and also to the fact that our freight rates are not sufficiently high. We must not get alarmed and go to extremes in trying to solve this problem.

The Prime Minister spoke yesterday as if his party had nothing to do with the railway situation which now confronts the people of Canada. As I gathered his remarks, he was endeavouring to place upon succeeding Liberal governments the responsibility for the present position. His words were to the effect that any person might have known that we would not need the present railroad development in Canada with a population of 8,000,000 or even 15,000,000. He lamented the tremendous expenditures which had been made. I thought this was most unfair and I took the trouble to look up some of the promises he had made in connection with the development in Canada. I should like to refer to one or two statements he made during the campaign of 1930. If he knew that Canada was facing such a difficult situation with regard to her transportation system, he would hardly have used the following words:

We pledge ourselves to the improvement of the whole scheme of Canadian transportation northward by the completion of the Hudson Bay route, and the construction of such branches as may be necessary to render it most readily available to every part of Canada; to the Pacific slope by a Peace river outlet, and east and west by the development of the St. Lawrence waterways, and we pledge ourselves to aid existing traffic channels and to increase port facilities on the Great Lakes, Hudson Bay and the Atlantic and Pacific ocean and to the establishment of a national highway system.

Apparently in those days the Prime Minister did not have any fear of the tremendous investment we had in railway facilities. Speaking in Vancouver, he is reported in the Vancouver Sun as follows:

"We must look forward to the building of highways, of waterways and railways to provide work," Mr. Bennett said. He would undertake, for instance, the completion of a highway across Canada, from Cape Breton to Vancouver. . . . "Canadians do not ask for charity or doles. They want work and wages. That is why it

will be my duty, if elected, to call a special session of parliament to anticipate those great undertakings to which we are pledged to enable Canadians to keep themselves and their families in comfort."

Speaking at Woodstock, he is reported in the Mail and Empire as follows:

We must pass laws at the special session that will anticipate work for our people on national highways, on great canals, that we must make for our waterways to the sea in great undertakings such as branch lines and matters of that kind, in order that we may give employment to our people.

Again speaking at Woodstock, he is reported in the Mail and Empire as follows:

Parliament has first of all to pass laws—not orders in council—that will institute great national undertakings, national highways, great canals to the sea, branch lines, and matters of that kind, improving conditions in order that we may give employment to our own people.

The Minister of Railways (Mr. Manion) will be interested in the next statement. Speaking at Brandon, the Prime Minister is reported in the Mail and Empire as follows:

Endorsation of the suggested Mafeking cutoff to afford Manitoba a shorter route to the Hudson Bay railway was voiced by the Conservative leader. Supporting the proposal, Mr. Bennett said that this would be a proper national undertaking to be started to relieve unemployment and he asserted such was his intention.

I think all members of this house should look at the situation that confronts us without endeavouring to blame one person or one party, because it looks to me as if most everybody in Canada is responsible for the situation with which we are faced.

Speaking of wasteful extravagance on the Canadian National Railways, I believe that there has been wasteful extravagance also on the Canadian Pacific Railway, the privately owned corporation, and I take Mr. Beatty's own words for that as given before the Senate committee. He does not attribute the situation with respect to the Canadian Pacific Railway to unfair competition from the Canadian National, because his words are, "competitive considerations had only a minor part." Mr. Hungerford had this to say in connection with expenditures:

Since 1920, say the last ten or eleven years, so far as I can see, and I think I am pretty well informed with respect to the situation, the management of the Canadian Pacific Railway has pursued exactly the same policy as that of the Canadian National. I see no difference at all.

Again he says:

I can hardly believe that it was dictated in very large degree—

That is, by the policy of the Canadian National:

—from the fact that the Canadian Pacific took the initiative on many occasions in connection with the development of new enterprises. I say that in no spirit of criticism; it is simply a statement of fact.

Lord Ashfield asked this question:

So far as you know, it is equally true to say of the Canadian Pacific that during the last ten years they have not been tempted to make expenditures for services beyond what business prudence would demand on account of any policy of the Canadian National Railways?

Mr. Hungerford: I do not think so. I think if there had been another private company competing with the Canadian Pacific, a company that had equal resources and opportunities, the degree of competition would have been about the same.

During the past few years I have been a member of the committee known as the committee on railways and shipping. I have heard the Canadian National Railways budget discussed year after year before that committee, and my recollection is the committee brought in reports which it had unanimously approved. Expenditures were always provided for in that budget, to which no exception was taken by hon. gentlemen opposite. We discussed matters fully in the committee, and sometimes there were differences of opinion. All of the members would disagree with certain policies that were proposed by the railway company, and where the committee deemed it advisable and in the interests of the railway itself and the public as well, certain reductions were made in the proposed expenditures, but throughout all the period during which that committee has had the Canadian National Railways budget before it, I have heard up until the last year or two very little criticism in that committee of the expenditures proposed.

Coming to the bill itself, I take exception in the first place to the appointment of three trustees to administer the railways. The people of Canada have sent 245 members to this house; there are 96 members of the Senate. Are we, the representatives of the people, going to shift all the responsibility on to three men who are being given apparently unlimited powers under this bill? Section 7 says:

No trustee shall be removed from office nor suffer any reduction in salary, during the term for which he is appointed, unless for assigned cause and on address of the Senate and House of Commons of Canada.

Subsection 6 of section 9 says:

No order, regulation, by-law, act, decision or proceeding of the trustees shall require the approval of His Majesty or that of any other shareholder of any company to which this section applies.

And what can that committee of three do? They can agree with the Canadian Pacific Railway to enter into or help to form new companies, enter into leases, entrusting agreements or licences, or agreements for the pooling and division of earnings, also agreements covering the use of joint trackage, running rights, joint ownership, or make joint operating agreements, or agreements with respect to joint or individual highway services, or highway and railway services combined, in any form. It may be possible to get some supermen in this country to whom we should hand over this $2,300,000,000 of investment, but I as one of the representatives of the people in this house do not feel that I am doing my duty by the people whom I represent if I turn over that investment to a body of three men and give them absolute control so that they can enter into leases, entrusting agreements or licences, about which we have nothing to say.

I was rather interested in the opinion of Sir Joseph Flavelle, speaking on this very subject of supermen, when dealing with the question of the Canadian Pacific Railway controlling the whole of the railway situation in Canada. These are his words:

> The other aspect bothers me—whether any single executive body can be entrusted with the responsibility of interpreting for the community the service necessary under the diverse circumstances that we have in Canada.

Again he says, addressing Mr. Beatty:

> We have not yet discovered, so far as I know, any field of human endeavour that we can pass over to a very small group for determination of policy affecting the interests of the public.

In appointing three trustees over whom parliament has no control, as apparently this bill proposes to do, I submit that we are going away beyond what we have any right to do as members of parliament representing the people of Canada who are really the owners of this railway. Just at that point I want to interject this. We have heard about equity of redemption. To me it is ridiculous to talk about the people of Canada only holding an equity of redemption in the Canadian National Railways. True, we have outstanding bonds amounting to $1,300,000,000, but as the Prime Minister himself says, those bondholders have the guarantee of all the assets of the Dominion of Canada and of the different provinces besides. If I mortgage a piece of land and raise some money on it, and in addition to giving the mortgage on the land I turn over to the mortgagee dominion bonds in amount equivalent to that of the mortgage, and bearing the same rate of interest, I know what is going to happen if I default on my mortgage—the mortgagee is going to take the bonds I have assigned to him. And in this particular case, while the national railways owe some $1,300,000,000 in bonds, the bondholders have the additional security of all the other assets of Canada. It is foolish to talk about equity of redemption, because we know we have to pay those bonds; we are not able to default. I should like to ask the minister this question: Was not the interest paid on those bonds last year, and was it paid out of operating revenues of the railway? I suggest it will be paid again this year, and in all probability will not be paid out of operating revenues. We realize we have to pay, and we are going to do it.

I am opposed to the manner of appointment of the three trustees, and to their appointment by the government. This government has put into effect certain economies and has endeavoured to effect other economies on the railroads which I am not convinced are in the best interests of either the railroad or the country. In order to indicate what I mean I should like to place on Hansard a record of the falling off in passenger traffic on the Canadian National railways since this government took office, and to compare the passenger traffic of the national lines with that of the Canadian Pacific. Every year up until 1932 the Canadian National carried more passengers one mile than did the Canadian Pacific. In 1932, however, that position was reversed. Let me give a comparison of the figures showing passengers carried one mile by each of the railway companies. I shall not read all the figures for the years 1922 to 1932 but will give those for 1922, 1931 and 1932. The following table is taken from the statistics on steam roads:

Passengers Carried One Mile

Year—	Canadian National	Canadian Pacific
1922	1,287,308,000	1,250,197,000
1931	788,423,840	743,036,667
1932	632,465,682	644,797,144

These figures indicate that there is a decline of 156,000,000 passengers carried one mile on the Canadian National railways, and a decline of 98,000,000 on the Canadian Pacific railway between 1931 and 1932.

I should like now to give some figures concerning revenue freight ton miles. In 1932 the Canadian National carried more freight ton miles than the Canadian Pacific did. But between the years 1931 and 1932 there was a decline in revenue freight ton miles of 1,300,000,000 on the Canadian National railways, while on the Canadian Pacific railway there was a decline of only 744,600,000. Perhaps the practice of economizing is being carried too

far, and not in the right direction. I believe economies have to be effected on the railroads, but we must be sure that those economies are not to their disadvantage and to the disadvantage of the Canadian people.

Another objection I have to the bill is in connection with the arbitral tribunal. So far no hon. member has explained what objection there can be to the Board of Railway Commissioners, or the necessity for setting up an entirely new board to adjust the difference between the two railroads. Over a period of years the people of Canada have had confidence in the Board of Railway Commissioners, and so far as I can see there is no necessity for the additional expense which will be incurred if the measure before us passes. The hon. member for Weyburn (Mr. Young) referred to disputes which would come before these tribunals, and stated that after one dispute had been settled the railroads would not return for other settlements. If that is going to be the result we would be well advised to adopt the cheapest course open to us. It seems to me however that the Board of Railway Commissioners, a body of men who have been trained in matters pertaining to the operation of railroads, would be the most competent body to deal with this matter.

There are many other minor amendments which should be made to the bill, but in my opinion the most important one is that concerning the appointment of trustees without any governmental supervision. I do hope when the bill reaches committee the government will see to it that such an amendment is made, and that the last word will be left with the government. I would rather trust even this government than a board of three men appointed by it. For the life of me I cannot see why the government wants to divest itself of its responsibility. Surely in connection with railway development in Canada they are able to resist the importunities of their political friends; surely they can resist those importunities to the extent that they will not allow any board appointed to put into effect economies which are not in the interests of the people and of the railroads.

Mr. J. L. BROWN (Lisgar): Mr. Speaker, at this late stage of the debate it may not be possible to offer anything new by way of argument. The position taken by the great majority of hon. members on this side of the house has been well and ably presented. It is not my intention therefore to speak at any great length. Perhaps it would be sufficient to say that my personal views concerning the bill were ably presented by the hon. member for Hants-Kings (Mr. Ilsley). With perhaps a question mark after one statement he made, or one position he took, I agree in toto with what he said, and I believe the hon. member is to be congratulated in that he was able not only to detect the fallacies in the speech of the Prime Minister (Mr. Bennett), but to reply almost immediately with a complete exposure of those fallacies. Sometimes the Prime Minister by what is called the exuberance of his own verbosity sweeps his hearers off their feet. Unless one is capable of quick thinking he may for a time be carried away by the arguments of the Prime Minister, and it is only after calm deliberation by those of us who think somewhat more slowly than the hon. member for Hants-Kings, that we are able to detect those fallacies.

There were one or two statements made by the Prime Minister that I admit came to me with a distinct shock. Although the arguments against this bill have been so ably presented by the hon. member for Hants-Kings and the hon. member for North Bruce and others who have spoken, there are one or two things that I would like to say on my own behalf. I want to refer to a remark made by the hon. Minister of Railways, (Mr. Manion) speaking of the amount of wheat carried by the railroads. At page 2776 of Hansard he said:

> I found that in the year 1929, 4,600,000 tons of wheat was shipped on the railways, and in 1932, 5,300,000 tons, an increase of 700,000 tons in 1932 as compared with 1929; yet the gross revenues of the Canadian National Railways were down in 1932 as compared with 1929 by $125,000,000.

Then at the top of page 2777 he says:

> I must confess it was my own conviction that grain traffic was the paying traffic of the railways. As a matter of fact, it was not so much the wheat and grain traffic that was the paying traffic for the railways as the fact that the people of the west were selling their products at a reasonable price and had the money with which to purchase goods from some other section of the country, thus providing return traffic; and that total traffic brought about the prosperity of the railways.

I want to say to the hon. Minister of Railways that there are a lot of fish up that stream if he will follow it. I wish he would apply the principle here enunciated to traffic in general. I wish when he comes to consider the possibilities of the Hudson Bay railway, to which he pledged himself, he would emphasize, as he has done on this occasion, the necessity for two way traffic. The Hudson Bay railway can never be made to pay on one way traffic. The wheat we export will not stand the cost of operation both ways either on the railway or on the ocean. I want to say also to the members for the maritime

provinces who come here insisting that traffic shall go by way of Canadian ports, that if they are to win the sympathy of the people of the west who grow the wheat that they want to go out through their ports, and if they insist that that wheat shall be carried at extra expense by a circuitous route of some 800 miles instead of 300, they must give consideration to the question of two way traffic. The railways cannot afford to take train loads of wheat around the long circuitous route of the Intercolonial and haul back empties. The necessity for two way traffic must be recognized. And I say to the people of the maritimes, not the members who represent them here, that if they want the sympathy of the people of the west in their position they must send members to this house who are opposed to measures in restriction of trade as practised by this government. They must send more members who hold the views of the hon. member who sits in front of me, the member for Antigonish-Guysborough (Mr. Duff). That hon. member and I sometimes differ very widely in our opinions, but I agree with him wholeheartedly on the question of trade. With him freedom of trade seems to be almost an obsession, and I fully agree with him that if we want to prosper we must provide increased traffic, we must remove restrictions on trade, we must recognize the necessity of two way traffic.

In view of the frequent expressions of opinion that we have in this house and the country generally in regard to amalgamation it may not be necessary at the moment to discuss that matter at any length. But a remark made yesterday by the Prime Minister in regard to the taking of a plebiscite on the question is perhaps worthy of some attention. I wonder whether that was entirely unpremeditated or whether it meant that he was thinking of such a thing. If premeditated it indicates that there is still propaganda going on in favour of amalgamation, and it will be necessary to carry on some counter-propaganda. This therefore must be my excuse for making some reference to the question.

I lived in Manitoba, Mr. Speaker, in the days when the Liberals under the leadership of Thomas Greenway were fighting the Dominion government on the question of the disallowance of our railway charters. I remember the battle of Fort Whyte, which, though like the battle of Montgomery's farm it may not take a very high place among the decisive battles of the world, nevertheless is of great significance to the people of Canada. I remember also when the then president of the Canadian Pacific Railway, Sir William Van Horne, sent a message to a farmers' convention in Winnipeg in reply to a telegram that had been sent to him with reference to the building of branch lines, to the effect that there would be no branch lines built in Manitoba until the fool killer went through Winnipeg. The attitude of the Canadian Pacific Railway at that time was arrogant and intolerant towards any person who presumed to dispute its position. I admit that after that time and for many years the relations between the farmers' organizations and the Canadian Pacific Railway were on a much more cordial basis, and we got along together very well in many respects. At the same time, remembering these things, I could not contemplate for a moment with equanimity the idea of a railway monopoly, a private railway monopoly. The dangers to which we would be exposed from such a condition would be too tremendous. There would be the possibility of the government itself being dictated to by the railway management. It might be said that such a system would be more efficient than that we have at present. That might possibly be, but it would be efficiency secured at too great a cost. I think of railway monopoly and the possibility of dictatorship in railway matters as I think of dictatorship in the state. It may be contended that dictatorship in the state would give the most efficient government, and sometimes that may be true. Perhaps we have an illustration of that in Italy to-day, and we may have another in Germany. But at the same time we would view such a situation with a great deal of alarm. I often think of a principle that was laid down by my old college professor, to this effect, that were perfection and wisdom and love combined, the perfection of government would be absolute monarchy, which is unsafe among men only because men are neither perfectly wise nor perfectly good nor perfectly loving. So in spite of the weaknesses of democracy we prefer it and will continue to prefer it to anything that savours of autocracy or absolute monarchy. A few days ago the Prime Minister made some reference to the weakness of democracy, and he said that weakness lay in the fact that results were arrived at by the counting of heads according to their number rather than according to their quality. I thought that was rather unkind of the Prime Minister; I thought it showed a great lack of gratitude on his part in view of the fact that in the opinion of many he occupies his present position by virtue of the counting of heads by number rather than by quality.

Then we come to the idea of amalgamation under public ownership. I know the hon. member for North Waterloo (Mr. Euler) is strongly impressed with the idea that amalgamation under public ownership might be for the good of the state, but I do not think that opinion is very generally held. I often recall a statement made to me by a former member of this house who is now Minister of Education in Manitoba, Mr. Hoey. He told me that he attended a farm convention in Kansas City, and that while there he came in contact with leading business men and railway officials who discussed with him the railway situation in Canada. Their statement was something like this: "We believe that you have in Canada the ideal railway situation, with one government owned line and one privately owned line. If your railroads were all owned privately the result would be a monopoly; if they were all owned by the public there would be no standard of comparison, and lacking that standard there would be dissatisfaction no matter how successful they were." I think, generally speaking, that would be the position taken by the people of Canada to-day.

When the Minister of Railways moved the second reading of this bill I felt that in view of his very dispassionate presentation of the case, in the appeal he made for a non-partisan discussion and his statement that amendments would be accepted by the government—

Mr. MANION: I did not say they would be accepted; I said they would be considered.

Mr. BROWN: Then we will say that amendments were to be considered. Perhaps it is well that the minister made that correction, because it confirms our opinion that consideration will be all they will receive at the hands of the government.

Mr. MANION: If there were many like the one we had yesterday probably that is all they should get.

Mr. BROWN: Well, Mr. Speaker, in view of what I believe to be the desire of the country, that we approach this matter in a non-partisan way and give it a calm and unprejudiced discussion, I felt it would be well not to oppose this bill on the second reading. I felt a desire to give the government an opportunity to demonstrate their good faith in the matter of amendments; I felt that it would be wise for us to work with the government to as great an extent as possible. I have never made any secret of the fact that I am absolutely opposed to the general fiscal policies of this government, but at the same time I do not adopt the attitude that the first duty of an opposition is to oppose.

Mr. SPENCE: You always do it.

Mr. BROWN: Generally we have good cause. I remember a statement made by Mr. Meighen some years ago when he was leading the opposition. It was that he believed it was his duty to place the government of the day before the people of the country in the worst possible light, or something to that effect.

Mr. McGIBBON: That was easily done in those days.

Mr. BROWN: I cannot agree that this is the duty of an opposition. I believe an opposition should criticize, scrutinize and offer constructive suggestions if possible, and of course there comes the time when it may be and is our duty to oppose the position taken by the government. At any rate, while that was my desire when this debate commenced I must confess that the speech made by the Prime Minister yesterday somewhat shook my determination. I think the speech of the right hon. gentleman, confirmed by the remark of the Minister of Railways just now in which he substituted consideration for acceptance in regard to amendments, made it abundantly clear that no amendments will be accepted unless perhaps they have to do with the length of the cross of the "t" or the size of the dot to be put above the "i". I think it is quite clear that any amendments we may deem advisable will not be accepted by the government.

I am not very much impressed with the willingness of the government to reinsert the section having to do with amalgamation. That does not mean very much to me, because even if that section is placed in the bill it will not prevent the board, which is entrusted with the complete management and control of the system, from pursuing a course that would inevitably force us into amalgamation. With the powers entrusted to them under the terms of this bill they may adopt a course that would make it impossible for us to avoid being driven into amalgamation. Therefore, Mr. Speaker, to me part I is the important part of the bill. With a board of trustees doing their duty in the interests of the country parts I and II would be entirely unnecessary, but if part I does not work effectively there is no power under heaven that could make parts II and III work well. I think that should be perfectly clear.

Something has been said as to the qualifications of the trustees. Naturally this must be a subject that gives us a great deal of concern. If this were a matter between two private roads we should naturally expect, and we should be justified in expecting, that the respective representatives would stand absolutely by their own interests. But how can we be perfectly sure that a board of trustees representing the publicly owned railways, representing no immediate interests of their own, would be so completely devoted to the interests of that road as to allow no other considerations to enter their minds? It is all very well to say that we must have men of integrity. Certainly we must; we must have men with high ideals of public service, men who are sympathetic to the idea of public ownership. But how are we going to apply these tests in choosing men to fill these positions?

Perhaps I might offer another suggestion that might be worth considering, although it may possibly be thought narrow on my part. Nevertheless, it is worth considering, whether men who within the last five years have had a large interest in the Canadian Pacific Railway could give to the operation of the national road that wholehearted, sympathetic management which alone can make it a success.

Referring again to the speech of the Prime Minister, although I said that at the time I did not grasp the full significance of his remarks, yet there was one thing that came to me with a distinct shock and that was his statement that we did not own a railway. The people of Canada had been congratulating themselves upon their ownership of a magnificent railway system comprising some 23,000 miles of steel rails. We were congratulating ourselves on the fact that we were the owners of one of the greatest properties in the world, and now the Prime Minister comes along and tells us it is all a delusion.

Mr. McGIBBON: How much equity have you in it?

Mr. BROWN: We have it all in one sense.

Mr. McGIBBON: Mortgaged for twice what it is worth.

Mr. BROWN: The fact of the matter is that we do own the railway, in spite of what the Prime Minister has said, and I believe the people of Canada will suffer the same shock as those of us on this side received yesterday when we were told that we did not own a railway which we thought all the time belonged to us. In common with the great majority of the Canadian people, I had been cherishing the belief that we were owners of this great railway system, and now we are told that all the interest we have in it is the privilege of paying the deficits. It is true the Prime Minister did mention later on that we had the equity of redemption, and that is an admission; but, as the hon. member for North Bruce told us this afternoon, the true value of the railway consisted in its earning power, and the very fact that we have guaranteed the bonds and so far have not defaulted indicates that we have at least some ownership in the line.

Briefly, let me state my attitude towards the bill. It probably is desirable that a board of trustees should be substituted for the large board of directors. If a board having the proper qualifications is appointed, a board with an eye single to the welfare of the national road, then perhaps all will be well. But, Mr. Speaker, I am heartily in sympathy with what has been said with regard to the method of appointment. I think it has been well said that if subsequent boards of trustees can be appointed by selection from panel, then the principle is equally good with respect to the first appointees. Considering the tremendous power with which this board is entrusted, we must ensure if possible that the board be appointed in such a way as will secure to us men of the very highest character and calibre, for the country will be satisfied with no less.

With respect to the question of government control, it has been stated quite frequently that the failure of the system, if it can be called a failure, has been the result of a lack of such control. We can all acknowledge that it is perhaps a somewhat difficult matter to maintain a proper balance, keeping that government control which is necessary in order that the government of the country may keep its hands on its own property and yet at the same time preventing that pressure from which perhaps we may say that the Intercolonial system undoubtedly suffered in the past. But it is abundantly clear that this parliament cannot resign into the hands of a self-perpetuating body of men, no matter how good they may be at the outset, that control which parliament must of necessity exercise over a system which is the property of the people of Canada.

Mr. E. R. E. CHEVRIER (Ottawa): The bill which is at present before the house, now that it is bereft of the amendment, is, I take it from the words of the Minister of Railways the other day, as well as from the words of the Prime Minister, the crystallization of the findings of the Duff commission. Both the

Minister of Railways (Mr. Manion) and the Prime Minister (Mr. Bennett) took some time to extol the qualifications of the members of that commission. So far as I am concerned, and, I believe, so far as every hon. member of this house is concerned, that eulogy was love's labour lost, for no one would doubt the qualifications of the gentlemen that comprised the commission. I would be the last one to doubt the outstanding qualifications of the very distinguished and able gentlemen who sat on the commission, and particularly the one who so admirably presided over its deliberations. But the fact that the commission was composed of such eminent men is no reason why we should conclude that the matter placed before them was a most complex and difficult one. Very often quite eminent judges are called upon to listen to and to decide some of the most unimportant and futile cases. It frequently happens that the eminent jurists who sit on the supreme court bench, and their lordships of the privy council, have to decide cases that have just barely stepped over the mark of jurisdiction of the respective courts. Very often these appeals are dismissed on the bench. Because this matter was submitted to this commission is no reason why we should say that it was very complex and complicated. Why bring that up?

As was to be expected from the high calibre of its members, the commission did its work thoroughly. It was something like Caesar's wife, above suspicion. The commission laboured long, laboured hard and laboured well. This afternoon in the parliamentary library I had under my hand the five huge volumes which compose the evidence given before the commission and the two huge volumes containing the report and the appendices. Those volumes constituted almost a monument and they looked like a mountain. Out of that mountain came this bill, out of the mountain we got this mouse. In matters of this kind the Minister of Railways is a wonderful magician, and I trust that in the performance of his duties hereafter he does not have to produce similar results. At page 6 of the proceedings of the commission I find the following words of the Minister of Railways in his opening address:

> We have a difficult situation so far as the railways are concerned,—decreasing revenues and competition from motors and from the air.

In explaining the difficult situation to the commission the minister stated that so far as the railways were concerned the difficulty consisted in decreasing revenues and competition from motors and from the air. I might say to the minister: Cura te ipsum—why do you not start by curing yourself rather than by curing others? If our trouble is decreased revenue, who is responsible for the decreased revenue? Like other financial institutions, the railways began to feel the depression around 1930. This depression was worldwide and it spread into Canada and was beyond the power of man to stop. When the present administration saw the storm in the offing it took no measures to meet it. Instead of taking precautions when it was seen that trade might languish and decrease, the present administration took measures to stop the flow of trade. Instead of attempting to blast their way into other markets, as the Prime Minister had promised in June and July of 1930, the present administration proceeded to limit markets. By limiting markets they limited trade, and by limiting trade they limited the tonnage available to our railroads. Immediately that was done it was only natural that the revenues would fall off. I should not labour this point because the hon. member for North Bruce (Mr. Malcolm) explained it fully this afternoon. I think it would be a loss of time to attempt to cover the same ground. I would say to the genial Minister of Railways: Et voilà pourquoi, docteur, votre fille est muette! We all realize the difficulties facing the present administration but if they would take steps to extend the circle of our commercial operations there would be an immediate improvement in the railway situation.

The minister stated that our railway troubles were due to the decrease in revenue and the competition from motors and from the air. There is some reference made to these matters in the Duff report but no recommendations are made in connection therewith. But there is another type of competition which was not taken up by the Duff commission. I wonder why, but on second thought I realize that it might be because the members of the commission were limited by the terms of the order in council under which they were appointed. I have no doubt that they considered the matter but they probably found it was not within their jurisdiction. I refer to transportation by water, one of the greatest drains upon the revenue of our railways. Our canals do not charge tolls of any kind. Some years ago a very famous bill was introduced in this house and it took the attention of the house for a considerable length of time. At that time I advocated that tolls should be charged on

our Canadian canals. The bill did not go through, the principal objection being that other nations did not charge tolls on their canals. I am still of the opinion that tolls should be exacted by our canals, and that opinion is strengthened by certain evidence, to which I shall refer in a few moments, that the ships plying through the Canadian canals are subsidized to the extent of two dollars per ton of freight because of the non-payment of tolls. One can realize immediately the disadvantage under which our railroads are operating when ships, Canadian and foreign, are granted an advantage of two dollars per ton in the transportation of freight. At once one can visualize how enormous the problem becomes when one thinks of that huge fleet of freighters plying through the waters from the gulf of St. Lawrence right through to the head of the lakes. But as I said, the worst feature of this unfair competition is that it is not limited only to Canadian ships but extends also to foreign shipping. There is no Canadian control at all over the rates on these foreign ships. They may transport freight at the most ridiculously low rates in our waters, and pass through our canals and deliver their cargo in American ports at rates that are simply ludicrous, thereby constituting a tremendous drainage upon the revenues of our own railways. I have been told that recently Danish ships were unloading barbed wire, steel and iron in Chicago, which of course had been brought up through the St. Lawrence, and that the rates charged were so low that nobody could even think of competing with them. On their return these tramp vessels do not go without cargo. They cannot compete with our own Canadian ships in the transportation of wheat, and so they return laden with other Canadian commodities at rates ridiculously low, which constitutes a further drain upon the revenues of our railroads.

In going through the evidence that was submitted before the Duff commission I find at page 1088 the submission of Mr. R. K. Smith, K.C., who expressed himself in these words:

> I would like now to deal with the question of water competition. Railway lines on the North American continent are exposed to water competition from all angles, with very few exceptions. The major developments which have brought about the situation are, first, the Panama canal, which materially affected the transcontinental rail rate levels; the St. Lawrence river and Great Lakes system and the Mississippi river development. These facilities have permitted the easy flow of waterborne traffic, and have been largely the result of governmental activity. After spending millions in the development of the great lakes and St. Lawrence waterway system, the Dominion government cancelled the tolls against shipping and cargo tonnage, and to-day this great waterway system is open to shipping free of charge, and the Canadian taxpayer is carrying the capital cost of the construction.
>
> From an estimate prepared recently it is calculated, taking into consideration interest, maintenance and operating expenses, that cargo tonnage moving on vessels on the St. Lawrence river and great lakes is indirectly subsidized to the extent of at least $2 a ton. This is in direct competition with the railway lines which have to meet this condition, not only being forced to make tolls to the public which reflect water competition, but are contributing large sums in the form of civic, provincial and federal taxes. This is a problem which requires very serious consideration, and particularly as pressure is constantly being exerted towards the enlargement of artificial waterways systems, which inevitably would increase this competition.

I do submit, Mr. Speaker, that those are words of wisdom, and they come from a gentleman who knows the water transportation situation. I trust that the suggestions he has made will be taken into consideration by the government at its very next opportunity. If the water rates were carefully looked into and foreign ships particularly had to pay tolls passing through our canals, if their rates were controlled by the Canadian parliament in some way, I believe that it would to a large extent relieve the drainage from this source on the earnings of our Canadian railroads. When I say that the railroads do feel the effect upon their revenues of this water competition, as to which no remedy is suggested in the Duff report, probably because that subject was not within their purview, I should like to submit this. I find at page 1598 of the evidence taken before the commission that Mr. H. C. Patton of the Toronto Transportation Company said:

> The increasing use of waterways, of pipe lines and diversions of traffic through the Panama canal has decreased the freight tonnage available for railways.
>
> The long term trend of freight tonnage carried by vessels on the great lakes has been steadily upwards.

I have not got the figures of the corresponding decrease in the transportation by rail, but if transportation by water has increased to this extent then there must be a repercussion downward in the same ratio upon the earnings of the railways.

I shall not place before the house all the figures I have here, but I shall just give a synopsis of them covering the years 1900, 1905, 1910, 1915, 1920, 1925 and 1930, giving in three

columns the traffic passing through the St. Lawrence canals, the Welland canal, and the Sault Ste. Marie canal:

St. Lawrence Canals

Year—	Tonnage
1900	1,309,000
1905	1,752,000
1910	2,760,000
1915	3,409,000
1920	3,067,000
1925	6,206,000
1930	6,179,000

Those figures show that there has been a rapid and continuous increase of tonnage through the St. Lawrence canals from 1900 to 1930. Here are the figures for the Welland canal:

Welland Canal

Year—	Tonnage
1900	719,000
1905	1,092,000
1910	2,326,000
1915	3,061,000
1920	2,276,000
1925	5,640,000
1930	6,087,000

Our railways must certainly have felt the repercussion of the increase in traffic through the Welland canal. But what do we find in the case of the Sault Ste. Marie canal?

Sault Ste. Marie Canal

Year—	Tonnage
1900	25,640,000
1905	44,270,000
1910	62,363,000
1915	71,290,000
1920	79,279,000
1925	81,871,000
1930	72,897,000

One can readily conclude from those figures that the railroads must of necessity have felt a tremendous drainage on their revenues due to water competition.

Coming to the bill itself, at this late stage of the debate, Mr. Speaker, there is very little to say that has not already been said. I shall not detain the house at very great length with a consideration of the various aspects of the bill. This is the second reading, and I take it that on the second reading only the principle of the bill is under consideration. One of the first matters with which I was concerned was to learn the principle of the bill. I could not find it from the preamble, except that in that part of the bill cooperation was mentioned. The part of the bill respecting the title is short, and does not enlighten me to any great extent. There is a part of clause 2, however, which I should like to see implemented when the bill reaches committee stage. I refer to paragraph (a), in which the rights of railroad employees are supposedly safeguarded. I do not know to what extent that safeguard may be effective, but if there are to be any changes in or departures from the protection now afforded in the Railway Act to railway employees, we may as well know it right now. That Railway Act is the result of many years of experience and has been amended time and again. In so far as their protection is concerned, apparently the men are satisfied with its provisions, and I most earnestly urge that whatever may be done under the bill, any measure of protection which the railway men now enjoy under the Railway Act should in no way be molested or prejudiced.

I am rather doubtful about section 4 of the bill, which deals with the appointment of the three trustees. In my view a larger number of trustees, not exceeding five, would be much better. I am not unmindful, however, of the very strong reasons given to the contrary by the right hon. the Prime Minister, and I am content to admit there is considerable weight in what he said. Nevertheless I believe that more adequate representation would be given to the various organizations, divisions of trade and activity in Canada if there were at least five appointed. If under section 6, in order to remove any political colour or shade it is possible to appoint subsequent trustees from a certain panel, why would it not be possible to do the same thing and to use the same means in the appointment of the first three or five, as the case may be? I believe the government, if it is really sincere—and I have no reason to doubt its sincerity—and desires to remove this matter from the sphere of party politics, could arrange for the appointment of the first three or five in the same way that subsequent trustees are appointed.

Now we come to part II, which is supposed to contain the principle of the bill. In that connection I do not know whether the principle is contained in section 12, section 16 or section 17. But with the purpose of the bill as enunciated in section 16 I have no great quarrel, if it can be demonstrated that the real principle is to effect economies. I believe the Canadian people to-day desire that economies should be made. I doubt, however, the wisdom of making them in the way proposed in the measure now before us. If by this bill parliament is given power to do what it seeks to do, I wonder whether it will not proceed right down the line and investigate other private corporations. It is quite true that after all the Canadian National system is the railroad of the Canadian people. We will not quibble as to who has the equity of redemption, as to who is the bondholder or the holder of securities; the fact is that the

Canadian National is the railroad of the Canadian people. It is very easy for us to investigate matters over which we have special jurisdiction, but I doubt the wisdom of investigating privately owned corporations to the extent contemplated in this measure. Why do we not investigate hydro commissions, the Bell Telephone Company, telegraph companies, grain growers' associations, banks and other financial institutions in order to force them to effect economies? The line must be drawn somewhere; but with the principle of effecting economies I am fully in accord. I doubt very much, however, whether this is a wise step in that direction.

The other day in a very able address the Minister of Railways stressed economies which had been effected in the Canadian National railways during the last year. Those economies reflected considerable improvement. But if that is true of the Canadian National I wonder if it is not true also of the Canadian Pacific. I have no means of finding out what economies, if any, have been effected by the Canadian Pacific during the past year. But surely if the Canadian National was able to economize to the extent shown by the minister, the Canadian Pacific must have done the same.

It is quite true that the Prime Minister, in order to remove any doubt in the minds of hon. members, said that there was no intention of any amalgamation, and if I understood him rightly he said the government was prepared to introduce an amendment to the bill to make it clear that there was no thought of amalgamation. Concerning amalgamation the Minister of Railways is reported at page 2770 of Hansard as follows:

> There is nothing in it—
>
> Referring to the bill.
>
> —to cause anyone to fear that it may lead to the amalgamation of the two great railway systems of Canada because the whole trend and spirit of the bill as well as every clause and letter of it points to cooperation, and cooperation means, and can only mean, the working together of the two parties to an understanding.

Here we have the minister saying that the whole trend and spirit of the bill, every clause and letter of it, points to cooperation. Well, in clause 3, outside of the definition of the term "dispute," there is no mention of cooperation at all. I have gone through the whole bill and have found that there is not a tittle of evidence of cooperation in sections 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15. Section 16 is the one dealing with economies. Certainly section 17 does not show any spirit of cooperation, because that is the section which sets up the tribunal which must operate in the absence of cooperation. Section 18 deals with the creation of the chairman of the arbitral tribunal, which functions when there is no cooperation. Sections 20 to 26 deal with practice in matters of routine. So that out of the whole twenty-six sections of the bill there is only one that deals with cooperation, and that is the worst one. This cooperation provided for in section 17 is compulsory cooperation. To me it seems that such a phrase as "compulsory cooperation" or "directed cooperation" or "instructed" or "forced" cooperation is bad English, because of its redundancy. I cannot imagine cooperation that is not voluntary. It is something like saying wet water or black jet or cold ice. The very spirit of forcible cooperation is contained in that section as the fruit is contained in the seed. I shall not labour the point, because the hon. member for West Lambton (Mr. Gray) expressly dealt with it. But even if there were a special amendment to this bill declaring that at no time should there be amalgamation, then a most radical amendment must follow in the tenor of section 17, because it means insidious, compulsory cooperation. I think it is quite obvious that step by step, inch by inch, a little here and a little there, the tribunal may make certain orders, certain rulings, certain leases, probably not at the time openly with the view of ultimate amalgamation, but in fact producing in the final result complete amalgamation of these lines. The hon. Minister of Railways has said that there is to be no amalgamation. I will take his word that in the bill there is no explicit mention of amalgamation, and no desire to have amalgamation. The hon. gentleman is much cleverer as a physician than I am as a lawyer, but still—and I say it without offence—I am entitled to my own opinion. I do believe that in this section 17 amalgamation is just as insidiously contained as typhoid fever is in the bacilli coli. That is my impression.

This section is to impose compulsory or directed cooperation. I admit that my knowledge of the English language is most limited; my training is French, but I cannot conceive in French of anything like compulsory cooperation. In my own language that would be nonsense, and I do not think there is any difference between French common sense and English common sense or between English nonsense and French nonsense. I think any brain will react to truth in the same way, whether it be in an English or in a French cranium. To my mind I cannot

see how one can dissociate the effect of amalgamation from section 17 as it now stands in the bill.

The hon. Minister of Railways said further that cooperation means and can only mean the working together of the two parties to an understanding. What does that mean? Working together means with a mind in common, therefore in harmony. There can be no compulsion, no direction, no order. I will be asked: What about the judicial decision when two parties come before a court and the judge decides so and so? The judgment must be obeyed; but is that compulsory cooperation? Not in the slightest; there is an absolute difference between the two. In the first place, suppose one company desires to close its terminal or shop and says to the other: We will use yours; then there is an arbitration and the tribunal orders that that shall be done. In case of litigation it is a question of the settlement of legal rights; one party may think he is being prejudiced by the other in the enjoyment of his right. Then the one who thinks he is suffering an injustice goes to court, the other appears, the case is heard, the decision of the tribunal is a declaration of legal rights, and both parties must accept the decision and forever after hold their peace.

Mr. F. W. GERSHAW (Medicine Hat): Mr. Speaker, the bill which is now before the house for second reading has been long awaited by the people of this country. We have in Canada a country of far flung borders, a country stretching over three thousand miles from sea to sea, and from river unto the land's end, and naturally the means of communication between one part and another are of the greatest importance. If one looks over the pages of Hansard from confederation until the present time one sees that railway matters have occupied much space. Many of the great and notable scenes in this house were inspired by railway affairs, and many important decisions on matters of railway policy have been made in days gone by. It seems to me that at this time we are about to make another important decision; we are changing the policy that has been followed regarding railways. This bill, as I see it, is intended to give guidance to railway activities during the period of depression, to give direction, as it were, during the transition period through which we are now passing. The ultimate aim and object, of course, is to lighten the intolerable burden of taxation which the railway obligations impose upon this country. The legislation has not been hastily brought before this house; the Duff commission made a pretty thorough investigation, travelled over the country, tried to see everything with their own eyes, examined many important witnesses, and we have here the net result of their deliberations. This bill, together with the report of the commission, was carefully dealt with in the Senate. In reading the discussion which took place there we are at once convinced that much thought has been given to the framing of the different clauses of the bill. But though the Duff commission considered the matter and though it has been discussed in the Senate, we in the House of Commons may view some of the sections in rather a different light. We may approach this problem from a different angle, and we cannot altogether divest ourselves of the responsibility of inquiring carefully into the objects and aims of this legislation.

Speaking yesterday the Prime Minister (Mr. Bennett) remarked that he expected that great changes would be made under this legislation; he pointed out that he thought economies could be effected and said that some sacrifices would have to be made by people in different parts of the country if we were to have that retrenchment which we all hope will be brought about. But no matter how those changes are made and no matter what tribunal may be set up, I feel sure that the people of Canada will hold the government of the day responsible for carrying out this work and will feel free to appeal to the government against any decisions with which they do not agree that may be made by that tribunal. The Prime Minister also intimated that in case the changes did not result in the hoped for economies, in the near future a plebiscite might be taken to determine whether or not the people of this country would be willing to amalgamate the railways either under private or public ownership. I would humbly suggest that a plebiscite on this one question alone would hardly give this government and this parliament the necessary information.

It is my submission, Mr. Speaker, that the prosperity of the railways is bound up with the prosperity of the country generally, and that we cannot expect favourable balance sheets from our railways while business in other lines is in a depressed state. Along with our railway problem we must consider the general economic situation of the country. We must consider the questions of banking, of currency, of finance and so on, because these things either make or break the ability of the people to purchase the goods which are to be transported from one part of the country to the other. I think the trade policy in particular has much to do with our railways.

They are equipped to handle great tonnage, and if we have a trade policy that restricts external trade and consequently causes poverty so that our internal trade is restricted also, we cannot have prosperous transportation systems. The Prime Minister intimated that other courses were open. If he and the Minister of Railways (Mr. Manion) could decide upon some course of action that would give us reduced freight rates, no matter how much courage it might take, I believe more goods would be transported. If the prices of manufactured commodities such as machinery and clothing were reduced to harmonize with the prices of natural products much more buying power would be in evidence and more business would be done.

To-night I should like to mention briefly two or three factors which have to do with the railway situation. The first will be the obvious statement that the railways of this country were constructed to transport freight and passengers over long and short distances. However, since the advent of the truck and automobile the railways have been compelled more and more to retire from the short haul field and concentrate on the long hauls. They find that their most profitable sphere, in which there is the least competition, is the long haul of bulk commodities, and to a great extent this restricts their field of activities. If the railways are to succeed they must compete with trucks, automobiles, aeroplanes and other types of transportation, and if they are to do this there must be some control over their greatest competitor, the trucks. I realize that this is largely a provincial matter, but it seems to me that since the railways have built and must maintain rights of way the heavy trucks should contribute more generously towards the cost of the highways which they use and abuse to such a great extent. These trucks should submit to a tariff of rates; they should have drivers with well defined qualifications, and they should prove their ability to provide compensation for personal or property damage which may result from accidents in which they are concerned.

The second factor to which I wish to direct attention might be called the human factor in connection with the railroad. I have had the opportunity of coming in close contact with railwaymen for a number of years; I think I have learned something of their psychology and I should like to remind the Minister of Railways of something of which he no doubt is well aware. I refer to the loyalty and devotion of the officers and men of the two railway systems; I think that is something of which we might well be proud. They give wholehearted cooperation in their common interests. They are willing to sacrifice their comforts and their own desires for the benefit of the company. The senior officers, particularly of the Canadian Pacific Railway, with which I am best acquainted, make a point of speaking to and encouraging the junior officers and men. I venture to say that Mr. Grant Hall can call almost any of the older railway men by their first names. These veterans of the road, who work so faithfully for the company, regard the interests of the company as a personal matter; they delight in its successes and are cast down and discouraged by its failures. Even the younger men very soon catch this spirit. They are anxious to protect the property of the company, to get as much business as they can and to provide efficient service for their customers. Railwaymen are especially qualified for the work they undertake. Before they can obtain employment on the railways they must submit to a severe medical examination, and unless they are almost perfect physically they cannot obtain employment. Then, after they are employed, each year they must submit to eye tests and intelligence tests to satisfy the examiner that they are to the standard. Moreover, if any accident occurs or if there is any difficulty in connection with the work, any railway man can be asked to submit to a thorough examination, and if some slight difficulty is found that man's services are not very long retained.

The hon. member for East Algoma (Mr. Nicholson) the other day pointed out some of the knowledge that railway men must have, and as well as having that knowledge they are required to assume great responsibilities. The despatcher sits through long hours of the night before his key; the machinist in the shop must see that the work he turns out is perfect; the running men, conductors and engineers, are charged with heavy responsibilities; all these men have important work to perform and they must be competent, sure and trustworthy. They must think quickly and often act very promptly because they have in their hands responsibility for and control over the valuable property of the company and the much more valuable lives of passengers and crew.

These men when retired owing to the age limit are given a retiring allowance. That being so, should they not also be given a retiring allowance when they are laid off as a result of economies which may be brought about under this bill? If a railway company buys a lot of material for the purpose of perfecting its construction, it issues bonds and

pays interest on that money. Why should not the human material also receive something, when it has been specially prepared for the work it has undertaken? These men are in danger so far as their own lives and limbs are concerned, and the risks they take in carrying on their work from day to day are much greater than the risks in any ordinary sphere of activity.

The final factor to which I wish to call attention is the present financial position of the roads. No industry in Canada has been so heavily subsidized throughout the years as the railway industry, and at present we find that the taxpayer's money has to be used to the extent of fifty-eight or sixty million dollars a year in order to make up the deficits of the state-owned system, the Canadian National Railways. We find that in years gone by governments gave money to the railways which now make up the national system, to the extent of a billion dollars; and, as has been said, in addition to that the governments have advanced practically another $1,300,000,000, some of which they have directly guaranteed while some of it has been secured by a first mortgage on the whole property. So that that vast sum must be paid as well as the interest on it. The deficit in the last few years has been about $58,000,000, which is a tremendous sum of money. Think of what could be accomplished socially with that sum. Much joy could be brought to the homes of the people, for with that money we could feed, clothe and shelter twice as many people as are now receiving assistance under the relief funds. We could pay pensions to every man and woman over the age of seventy throughout the dominion, and the difficulty in raising this much money and directing it to that end, to make up the deficits, is a severe strain on the very solvency of the country. It takes practically all that can be raised by personal income tax, and as the revenues are shrinking it is becoming more and more difficult to procure this money.

In conclusion, may I state that in the changes which will be made in the railway policy of Canada the human element must not be overlooked; and next to that provision must be made so that the railways can act in that sphere where they are most competent, namely, in the long hauls. After that has been accomplished, economies must be made. Perhaps the number of officials might be reduced and possibly certain savings could be effected by the joint use of terminals and tracks. Perhaps services less costly might be given certain districts. The people of Canada, the business people, the taxpayers of the country, are I believe determined that this deficit shall be cut off because they are discouraged by the heavy taxation which is involved. I quite realize that difficulties may beset the path of anyone who works in this direction. The route may be steep and rugged and courage may be required; but I believe that if this bill results in the attainment of this objective a service will have been done the people of the country and the age in which we live.

[Mr. Gershaw.]

On motion of Mr. Sanderson the debate was adjourned.

On motion of Mr. Guthrie the house adjourned at 10.50 p.m.

Monday, March 13, 1933

The house met at three o'clock.

REPARATIONS

Hon. C. H. CAHAN (Secretary of State): As required by section 5 of chapter 5 of the statutes of 1929, I present the further report dated November 30, 1932, and the final report dated March 4, 1933, relating to reparations payments, made by Commissioner Errol M. McDougall, K.C.

In that connection with the consent of the house I should like to make the following motion:

That 500 copies in the English language and 200 copies in the French language of the further report dated November 30, 1932 and the final report dated March 4, 1933 to His Excellency the Governor General, made by Errol M. McDougall, Esquire, a commissioner appointed to investigate and report upon illegal warfare claims and reparations payable in respect thereof laid on the table of the house this day, be printed forthwith, and that standing order 64 in relation thereto be suspended.

Motion agreed to.

UNEMPLOYMENT RELIEF

Mr. GORDON: I desire to lay on the table of the house order in council P.C. 439, passed pursuant to the Relief Act of 1932.

IMMIGRATION ACT AMENDMENT

Mr J. S. WOODSWORTH (Winnipeg North Centre) moved for leave to introduce Bill No. 43 to amend the Immigration Act.

Mr. GUTHRIE: Explain.

Mr. WOODSWORTH: This is simply to define the term "public charge" so as to exclude from the operation of the act those in receipt of unemployment relief.

Motion agreed to and bill read the first time.

EXCHEQUER COURT ACT

Hon HUGH GUTHRIE (Minister of Justice) moved for leave to introduce Bill No. 44 to amend the Exchequer Court Act (Exclusive Jurisdiction)

Mr. LAPOINTE: Explain.

Mr. GUTHRIE: This bill is intended to confer jurisdiction upon the Exchequer court, as a complementary measure to Bill No. 40 respecting visiting forces of His Majesty from other commonwealths of the British dominions. At the present time there is no court having jurisdiction to deal with such cases, and it is the purpose of this bill to confer that jurisdiction upon the Exchequer court.

Motion agreed to and bill read the first time.

CONTROL OF CURRENCY

On the orders of the day:

Mr IAN MACKENZIE (Vancouver Centre): Mr. Speaker, I should like to ask the Prime Minister if it his intention to speak to this house concerning an article in this morning's press in which the right hon. leader of the government in the Senate is quoted as saying:

> But I do feel that we must increase the basis of currency so that an increase in currency itself may take place. We must also devise some means of getting that currency into the hands of those who are capable of effectively controlling it.

Does this expression by the right hon. gentleman who leads the Senate represent the authorized view of the government?

Right Hon. R. B. BENNETT (Prime Minister): The right hon. leader of the Senate was addressing the Canadian Club at Quebec. He was expressing his personal views. He was not dealing with Canada, but with countries of the world as a whole.

DISARMAMENT CONFERENCE

On the orders of the day:

Hon. ERNEST LAPOINTE (Quebec East): I would like to ask again, in view of the fact that the disarmament conference has reached a most critical part of its work, whether Canada is represented there at the present time, and by whom?

Right Hon. R. B. BENNETT (Prime Minister): In consequence of the gravity of the situation the government asked the High Commissioner for Canada at London, together with the Under Secretary of State for External Affairs, Doctor Skelton, who has been familiar with the matter from the very inception to date, to go to Geneva to represent the dominion with the Canadian government's advisory officer. They reached Geneva just prior to the arrival of the Prime Minister of Great Britain and the Secretary of State for Foreign Affairs. They are to-day in Geneva representing Canada in that regard.

PRIVATE BILL

SECOND READING

Bill No. 42 respecting the Algoma Central and Hudson Bay Railway Company—Mr. Bradette.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

GOLD EXPORT

Mr. COOTE:

What cause must be shown by any party desiring to export gold in order to secure a licence under the Gold Export Act?

Mr. RHODES: The Gold Export Act is administered with a view to safeguarding existing monetary gold reserves, and to mobilize current gold production, purchased at the world price, for purposes of the dominion government. Applications for export, not compatible with these objects, are not entertained.

G. N. PELLAND

Mr. CASGRAIN:

1. Has Mr. G. N. Pelland, chief herdsman at the experimental farm of Sainte-Anne de la Pocatière, been dismissed?
2. If so, what were the nature of the complaints lodged against him, and who lodged such complaints?
3. Have these complaints been investigated?
4. If not, why?

Mr. WEIR (Melfort):

1. Yes.
2. Mr. J. A. Barrette, M.P., wrote that to his personal knowledge Mr. Pelland was guilty of active political partisanship.
3. No.
4. It has never been the custom to hold an investigation when a member of parliament states that to his personal knowledge an employee has been guilty of active political partisanship.

UNEMPLOYMENT RELIEF REIMBURSEMENT

Mr. LAVERGNE:

1. Have any sums received by the provincial governments from the federal government, and to be applied to the relief and unemployment fund, not been reimbursed?
2. If so, will the federal government deduct such advances from the subsidy to be paid the provinces?

Mr. CAHAN: In duty bound I referred this question to the department interested, and they say that it is not expressed so as to give an intelligent idea of what is required by the hon. member, and that they cannot answer it in its present form. I suggest that the question be dropped and redrafted and placed on the order paper at a later date.

Mr. SPEAKER: Dropped.

REPATRIATION OF CANADIANS

Mr. DUGUAY:

Has the Quebec government made representations to the federal government requesting that the dominion grant of $50,000, for the repatriation of Canadians in the United States, be continued?

Mr. GORDON: Yes.

RADIO COMMISSION

Mr. DUFF:

1. Is George Brownrigg, Stellarton, Nova Scotia, employed by the radio commission?
2. If so, what is his salary or rate of pay?
3. What are his duties?
4. Who recommended him for the position?
5. What qualifications has he for the position?
6. Is he a great war veteran?
7. What other employees has the radio commission in Pictou county, Nova Scotia, and what are their rates of pay?

Mr. DURANLEAU: The following information has been furnished by the Canadian Radio Broadcasting Commission:—

1. No.
2, 3, 4 and 5. Answered by No. 1.
6. No information.
7. The Canadian Radio Broadcasting Commission has no employees in Pictou county, Nova Scotia.

RADIO LICENCES—SKEENA DISTRICT

Mr. HANSON (Skeena):

1. How many radio licences were issued in the Skeena electoral riding, British Columbia, in the years 1931-32?
2. Who is the radio supervisor for said riding and when was he appointed?
3. What salary or other remuneration did the radio supervisor receive in 1931-32-33?
4. What is the official duty of the radio supervisor?

Mr. DURANLEAU:

1. Fiscal year 1931-32, 1,059; fiscal year 1932-33, 1,058 (ten months).
2. A. J. Matheson, Prince Rupert, B.C.; 21st October, 1932.
3. No salary; commission of ten cents for each licence sold under the house-to-house canvass.
4. To supervise the house-to-house sale of radio receiving licences in his district.

[Mr. LaVergne.]

*BEAUHARNOIS POWER PROJECT

Mr. GARLAND (Bow River):

1. Is the government aware of the attempts of Mr. R. O. Sweezey and his associates acting on behalf of the Beauharnois enterprise, to sell power to United States interests?
2. Have any representations been made to the government by the Beauharnois interests or by Mr. R. O. Sweezey, for permission to export power to the United States?
3. If so, what action does the government propose to take?
4. Does the government propose to have the question of the ownership of the Beauharnois power settled by reference to the privy council?
5. Is the government aware of an offer for the Beauharnois enterprise made in September, 1931, by the Montreal Light, Heat and Power Company, consolidated?
6. If so, will the government table the said offer and any correspondence in connection therewith?

Mr. BENNETT: These questions are difficult to answer. As to the first, no formal request has been made to the government with respect to the sale or export of power, but Mr. Sweezey, in the course of conversations, and other people as well, I fancy connected with the enterprise, have made the statement that they thought electrical energy could be sold in the United States. Therefore to answer "yes" or "no" would be difficult.

No formal permission to export power has been given, nor has any request been made formally for permission to export power to the United States. In any event the provisions of provincial statutes preclude the possibility of it being conveyed across highways or public places. Neither this, nor any government as far as I know, is in the habit of stating policy in respect of matters before the conditions necessitating the question of jurisdiction arise.

As to the fourth question, the government does not propose at the present time to submit the question to the privy council.

To the question relating to the Montreal Light, Heat and Power Company, the answer is much more difficult. There were statements made from time to time, but the correspondence that was brought down at the last session clearly indicates the extent to which they assumed any definite form, as to the possibility of the Montreal Light, Heat and Power Company taking over the Beauharnois enterprise in September, 1931. In view of the fact that from time to time all the correspondence of importance has been tabled and that the motion that stands in the hon. gentleman's name asks that the balance of the correspondence be brought down, I do not think I can answer the question except in the manner indicated.

PATENT RECORD

Mr. MACKENZIE (Vancouver Centre):

What was the total cost of publishing the Patent Record, including printing, cost of cuts, binding, and other details, for the fiscal years ending March 31, 1931, and March 31, 1932?

Mr. CAHAN: $35,000 for each of the said fiscal years.

OLD AGE PENSIONS ACT—QUEBEC

Mr. LAFLECHE:

Has any correspondence been exchanged between the government of the province of Quebec and the federal government concerning the extension of the provisions of the Old Age Pensions Act to the province of Quebec.

Mr. GORDON: No.

GOLD RESERVES, DOMINION NOTES AND DEBTS

Mr. BRADETTE:

1. What are the latest available figures in dollars of the gold reserves held by the Dominion of Canada?
2. What is the amount of dominion notes issued and in circulation on the basis of the said gold reserves?
3. What is the total amount of debts contracted by (a) the Dominion of Canada; (b) each province of the confederation; (c) the municipal corporations, or public utilities commissions not included in above; (d) the total amount of debts contracted by private persons on mortgages or otherwise as per nearest available estimates or figures?
4. What is the amount of gold reserves held by all and every chartered bank or trust company in Canada?
5. What is the amount of paper money or bank notes issued by each and every chartered bank or trust company which is or are by law authorized to issue and circulate paper money in Canada?
6. What is the percentage or ratio of paper money issued and circulated or intended for circulation in the Dominion of Canada by those authorized to do so compared with the gold coverage thereof?

Mr. RHODES:

1 and 2. As of February 28, 1933, total amount of dominion notes in circulation was $175,701,103.19. These notes were issued under authority of the following statutes:

Chap. 4, 1915..	$ 26,000,000 00
Finance Act, chap. 70, R.S. 1927..	41,944,000 00
Dominion Notes Act, chap. 41, R.S. 1927..	107,757,103 19
	$175,701,103 19

Total gold held against dominion note issue was $70,348,325.60, including $12,500,000 against the first $50,000,000 of dominion notes issued, $57,757,103.19 representing full coverage against notes issued in excess of $50,000,000 under chap. 41, R.S. 1927, and $91,222.41 representing gold held in excess of statutory requirements. Gold held represents a coverage of 40 per cent against total amount of dominion notes outstanding.

3. (a) Dominion of Canada funded debt, $2,715,910,607; (b), (c) and (d) not of Dominion government record.

4. As of January 31, 1933, by chartered banks, approximately $43,043,000. No information for trust companies.

5. As of January 31, 1933, bank notes in circulation, $116,868,992.

6. The ratio of gold holdings to combined dominion and bank note circulation is 39 per cent.

QUESTIONS PASSED AS ORDERS FOR RETURNS

BANKRUPTCY ACT—APPOINTMENT OF TRUSTEES

Mr. JEAN:

1. How many licences have been granted, in the district of Montreal, in connection with the appointment of custodians and trustees since Act 22-23 George V, Chapter 39, came into effect?
2. To whom have such licences been granted?
3. Have any applications for licences made by trustees, in the district of Montreal, been rejected, since said act came into effect?
4. If so, what are the names of persons whose applications were rejected?

DREDGING IN THE ST. LAWRENCE RIVER

Mr. GARLAND (Bow River):

1. What company is doing the dredging work in the St. Lawrence river?
2. When was the work started?
3. What is the amount of work done to date?
4. What is the total cost to date?
5. What was the amount voted last year and how much of this was expended?
6. How much money has been paid to the company to date?
7. Was any work done by said company prior to the money required being voted by parliament?
8. If so, for what amount?
9. Was the company notified that the estimates for this work were exhausted?
10. Was the company authorized to proceed with the work?
11. If so, by whom?
12. During the last dredging season, how many government dredges were not in use?
13. Did the said company sublet their contract?
14. If so, to whom and where?
15. Who were the contractors dredging at St. Jean Deschaillons?
16. What amount of work was done?
17. What was the total expended in connection therewith?
18. What was the scale of measurement for dredge material?
19. How was the classification of said material made up?
20. What was the price per cubic yard in each classification?

Return tabled forthwith.

MOTIONS FOR PAPERS

POST OFFICE—PRÉ STE-MARIE, SASK.

Mr. POULIOT:

For a copy of all correspondence, letters, telegrams, petitions, reports and other documents in the possession of the government, respecting the post office of Pré Ste-Marie, Saskatchewan, since the month of August, 1930.

UNITED STATES CITIZENS EMPLOYED IN CANADA

Mr. BOULANGER:

For a copy of all documents, requests, petitions, correspondence and reports in the possession of the government or of the Department of Immigration, in connection with applications by citizens of the United States for permits to enter Canada for the purpose of employment on Canadian race tracks during the coming racing season.

FEDERAL GUARANTEES TO CORPORATIONS

Mr. VENIOT:

For a return showing what amounts have been guaranteed by the present government of Canada to (a) provinces; (b) railways; (c) harbour boards; (d) banks; (e) wheat pools; (f) Beauharnois Corporation; (g) other semi-public or private corporations up to February 28, 1933.

BEAUHARNOIS POWER PROJECT

Mr. GARLAND (Bow River):

For a copy of all correspondence, telegrams, and other documents passing between the Dominion government and any persons, companies or corporations, in regard to the Beauharnois enterprise, from August 31, 1930, to date.

Mr. BENNETT: A very large number of papers have been copied and the copies have been laid upon the table of the house. I assume that the hon. member making the motion does not intend that this work should be duplicated, if so it would take a very long time to complete the return.

Mr. GARLAND (Bow River): As a matter of fact in the original draft I have the words "balance of." They should be in this.

Mr. SPEAKER: Motion amended to include the words "balance of."

SOLDIER SETTLEMENT ACT

Hon. W. A. GORDON (Minister of Labour) moved that the house go into committee tomorrow to consider the following proposed resolution:

That it is expedient to amend the Soldier Settlement Act to provide for the remission of interest in certain cases and the application of payments made to reduction of principal indebtedness; and for additional credit on payment of arrears or instalments; the removal of the lien on the equipment of soldier settlers; and for the application of certain of these provisions to British family settlers by consent of the British government.

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.

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

The house resumed from Friday, March 10, consideration of the motion of Hon. R. J. Manion for the second reading of Bill No. 37, respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific railway system, and for other purposes.

Mr. F. G. SANDERSON (South Perth): Mr. Speaker, in rising to make a few remarks on this question I am fully conscious of the fact, after listening to the very excellent speeches which have been made by hon. members in all corners of the house, that one taking part in the debate at this time cannot very well cover any new ground and must repeat, though perhaps not in the same words, many things that have been said already. However, I believe this debate to be one of the most important that we have had in this house for some years, because it opens up the whole question of transportation facilities in this country, a question which vitally concerns every taxpayer in Canada. Therefore, with the indulgence of the house, I should like to add a few remarks to what has been said previously.

In passing I should like to commend the Minister of Railways (Mr. Manion), as other members have done, for the tone of his address in introducing the bill now before the house. He placed the debate on a very high plane, if I may say so, and I shall endeavour to follow him in that regard.

I should like to say first, Mr. Speaker, that the history of railroad construction in this young vigorous country in some respects does not make very good reading. Undoubtedly mistakes have been made. There have been not only errors in judgment on the part of some railway promoters; there have been errors in judgment, if you like, by previous governments both Liberal and Conservative. I am not going to dwell upon that aspect of the case because I have not sufficient time at my disposal, but for a moment or two I should like to direct my remarks to the present position of our railway companies. To-day in this country we have two great railway companies. One is privately owned, well managed and well financed; it has served

the people of this country in a very efficient way for a great many years. The other day the Prime Minister stated that the securities of the Canadian Pacific Railway were held not only in Canada but also in the United States, in Great Britain and in almost every country in the world, and those securities always have held a high place in the financial markets of the world. We must admit that when this great railway was being constructed it received very substantial aid from the country, not only by way of money but also by way of large grants of land. I do not take exception to that, because this was a pioneer company which did wonderful work in building this railway line from one end of this country to the other. As a matter of fact I am free to admit—though I hold no brief for the Canadian Pacific Railway—that at present, despite the fact that during the last two or three years its earnings have been depleted because of world economic conditions, it stands to-day as perhaps one of the best managed privately owned railway companies in the world, and it has done a great deal to develop Canada and to advertise this country all over the world.

Side by side with this great privately owned company we have what is known as the people's railway, the Canadian National system. I am not going back to the time when the companies which now make up the Canadian National system were taken over by the government of the day; the other day the Prime Minister went into this question very fully. But I do not want to forget, and I do not believe the people of Canada will forget, that this conglomeration of bankrupt railways, if I may so term them, which were wished on this country and which now comprise the Canadian National system, were taken over by the government at a time when a decision had to be made as to whether the country would clean the slate and take its huge losses in money which had been advanced to these roads, or would take them over and run them as a publicly owned and publicly controlled road. I am not going into that phase of the question but, Mr. Speaker, as I believe the Canadian Pacific system is one of the outstanding privately owned railways in the world so I believe that the system owned and controlled by this country stands out as one of the best managed and best organized publicly owned railways in the world, despite the fact that it is going through heavy weather at the present time.

We have, then, Mr. Speaker, these two great competing railway systems, and sometimes I think we do not realize their immensity. In round figures the Canadian Pacific Railway has in Canada some sixteen thousand miles of track, in addition to which it controls a certain mileage in the United States. The Canadian National system owns about twenty-two thousand miles of track in Canada, in round figures, and also controls some mileage in the United States. These two railway corporations control about 40,000 miles of track and have employed in normal times, the two together, about 190,000 men. In normal times they have paid out in salaries and wages to employees as large a sum as $290,000,000 a year. That will give some idea of the immensity of the business carried on by the two great railway systems of Canada. They have both been successful until the present period of depression struck this country in common with the rest of the world.

I have nothing but praise both for the Canadian Pacific Railway and for the Canadian National, except in one regard. I have always been of the opinion that the management of both railways were very slow in attempting to cope with a new form of competition that has entered the field, competition of enormous magnitude, namely, the commercial motor truck. In my opinion this motor truck competition when it first appeared could have been combated by the railways if they had put their own trucks into operation. Had they done this at the outset of this competition the earnings of both railways would have been augmented by many millions of dollars during the last twelve or fifteen years. Apart from this, however, I think that the management has been excellent in both cases.

I hold no brief for Sir Henry Thornton, and perhaps he made mistakes. But for that matter who has not made mistakes in every business, in every walk of life, during the good times we had in this country for a number of years? I will say this, however, in praise of Sir Henry Thornton. In the number of years during which he was president and general manager of the Canadian National Railways his achievements far outnumbered any mistakes he ever made. There was a time when the earnings of the Canadian National system were piling up, when that system went after business and got it, and when the morale of its thousands of employees was at its highest owing to the example set them by their chief, Sir Henry Thornton. At that time no one in this country would dare to get up and say that Sir Henry Thornton was not making a success of the Canadian National Railways; but when conditions began to get bad, when tonnage declined, when business was poor, then the criticism started. The Prime Minister himself gave Sir Henry Thornton a good deal

of credit a few years ago. It will be remembered that in 1926 there was a general election in Canada. The present Prime Minister was then Minister of Finance in Mr. Meighen's government—someone says the shadow government. Be that as it may, he was Minister of Finance in that government and during that election campaign to which I have just referred he made several speeches in western Ontario. He went to the city of Stratford in the county of Perth, which is a large divisional point on the Canadian National roads. Many hundreds of railwaymen live there, there are big car shops there, and it is perhaps as important a divisional point as any other in the whole system. The then Minister of Finance in Mr. Meighen's government addressed a meeting in the city of Stratford on the evening of August 14, 1926, for the benefit of the Conservative candidate. He was addressing an audience in which there were hundreds of Canadian National railway employees on whom naturally he wanted to make a good impression, with a view if possible to winning them over for the Conservative candidate. This is what he said then in regard to the Canadian National Railways:

> Mr. Bennett denounced in scathing terms the whispering campaign about the Canadian National Railways, saying that Mr. Meighen had always fought for the road, and had no intention of interfering with its management. In that connection he said that he personally had recommended to Mr. King that Sir Henry Thornton be hired to operate the road. This he had done as a result of information from Mr. Thomas in England, he said, and indicated that he thought Sir Henry Thornton had been successful and that his work would certainly not be interfered with by Mr. Meighen.

Mr. MANION: Merely for information, may I ask the hon. member what he is quoting from.

Mr. SANDERSON: I expected that the Minister of Railways would ask that question and I am happy to be able to inform him. This is an absolutely correct report which appeared in three newspapers at the time. The meeting was held on Saturday, the 14th, and this report appeared in the Toronto Globe on August 16, 1926; in the Stratford Beacon-Herald on August 16, 1926; and—I know that this will please the Minister of Railways and he will take it for granted—in the London Free Press on August 16, 1926. So that it is official.

I find no fault with the remarks of the then Minister of Finance in Mr. Meighen's government, but I am inclined to think that he has since had a change of heart.

An hon. MEMBER: He certainly has.

[Mr. Sanderson.]

Mr. SANDERSON: An hon. gentleman says he has, and I accept that. In 1926 the right hon. gentleman who is now Prime Minister apparently not only praised Sir Henry Thornton but wished to get on the band wagon and get all the credit for himself, for he said that he really was the man who had chosen Sir Henry Thornton and had been instrumental in bringing him here. This newspaper report which I have just quoted declares that the right hon. gentleman denounced in scathing terms the whispering campaign in regard to the Canadian National Railways. Well, if there was a whispering campaign then in this country there are more than whisperings at the present time. The Prime Minister last Thursday, in the course of his speech in this debate, virtually said that the Canadian National railway system was bankrupt, and instead of joining in a whispering campaign he almost made an S.O.S. call for the undertaker to bury the whole road. I mention this to show the inconsistency between the remarks of the Prime Minister to-day and the statements which he made when he was Minister of Finance in Mr. Meighen's government, when he spoke in the election campaign of 1926.

I will refer now for a moment or two to the royal commission, the so-called Duff commission, who have laboured and brought in this report upon which is founded the bill now under discussion. The commission was composed of seven gentlemen, all very eminent in their own spheres. I have gone through the report of this commission as carefully as possible and the only conclusion I can arrive at is that after holding eighteen meetings, lasting fifty days and travelling over nearly all the main lines of both these railway systems, they have not told us anything about these railroads which we did not already know. They have told us nothing that the Minister of Railways did not know; they have told us nothing that the right hon. the Prime Minister did not know, they have told us nothing that every hon. member of this house and almost every man in the whole dominion did not know. I shall not take up the time of the house in reading the conclusions of the commission because I suppose every hon. member has read them. All through their report these gentlemen seem to be leaning towards the amalgamation of these two roads. They do not say so in so many words but that is the inference I draw from their report. I want to be fair to the members of this royal commission but as a member of this house I think I have the right to criticize their report if I so desire and my criticism is that most of the gentle-

men who composed this commission were in favour of privately owned rather than publicly owned railroads. The report bears out my contention. I repeat, this commission after having gone up and down this country, have not told us anything new. They did make certain recommendations which are embodied in the bill now before us, in the discussion of which I shall take a few minutes.

The bill is divided into three parts. I am only a layman and could not go into the legal aspects of the bill, but I have endeavoured to study it with an entirely open mind. Part I of the bill deals with the substitution of three trustees or receivers, as the Prime Minister chooses to call them, for the seventeen directors and general manager who have been administering the affairs of this road for some years. These trustees are given absolute powers in the administration of the affairs of the Canadian National system. They are to be given powers which in my judgment should not be given to any three men. They will be a law unto themselves, they will not be responsible to parliament or to the taxpayers of this country who have been paying the deficits of the Canadian National road. They will be able to do just as they like for a period of seven years. It is true that they can be removed from office by an address to the House of Commons and the Senate but that course would never be taken. They will be vested with authority and responsibilities which should not be vested in any three men no matter how capable they may be, no matter what business sagacity they may possess. It is too much power to be given to any trustees or to any body of men. The Prime Minister said that they would be more receivers than trustees. I was a little puzzled at that definition and I looked up the legal meaning of a receiver. I found that a receiver is a person appointed ordinarily by a court of equitable jurisdiction to receive and hold in trust money or other property pending suit, in the case of a person incompetent to manage his own property or upon the winding up or dissolution of a partnership or corporation. A receiver is an officer of the court and the property held by him is not subject to process other than in the case itself. A receiver often obtains authority to continue to manage the business as a going concern.

These three receivers are to administer the affairs of the Canadian National system for the people of this country for at least the next seven years. As I said before, they are to be vested with authority which should not be vested in any one man or in any three men. They are to be a law unto themselves. I cannot understand why three receivers—that is what the Prime Minister calls them—should be called in at this stage to administer the affairs of this railway. It is the most peculiar receivership of which I have ever heard.

In addition to providing for the appointment of these three receivers, the bill provides for compulsory cooperation or, as the Prime Minister said the other day, directed cooperation between the Canadian Pacific and the Canadian National roads. What kind of amalgamation is this to be? They will not be joined in wedlock but they will be handcuffed and shackled together. The Canadian National is to be administered by three trustees and by a president who is to be the operating manager. This president is not to be responsible to the Minister of Railways, he is not to be responsible to this parliament, he is to be responsible only to the three trustees. The purport of this bill is to join these two great railroads together and, as I said, handcuff them and shackle them and keep them in that position for seven years.

A study of the history of the railroads of the United States will show that during the war the government administered the railroads, although at the moment I cannot say whether this was done under trustees, receivers or just what form of control was used. But the result of the control vested in private individuals by the government was that they made bankrupt every railroad which they were permitted to manage. That has been the history of trusteeship or receivership, if you like, in the United States. While I do not want to be pessimistic; while I do not want to make any prophecies as to the future, I am of opinion that if this bill goes into effect, one of three things will happen within the next seven years. One will be that we shall have complete amalgamation of these two railways, either the absorption of the Canadian Pacific by the publicly owned road or the absorption of the publicly owned by the privately owned road, or both roads will be so impaired, so restricted in business that this will constitute one of the biggest calamities Canada has ever experienced.

The very conclusions at which the royal commission arrived in regard to economy and cutting down of expenses have been put into effect during the last two years. This started before the royal commission began to function and it has been continuing. Some hon. members during the debate have pointed out—I think the Minister of Railways did so—that Mr. Hungerford's report was to the effect that in the administration of the Canadian National in the last two years there had been

a saving of $44,000,000 a year due to cutting off trains, perhaps letting out some men and the elimination of duplication. That having already been done, this board proposes to tie these two systems together, the Canadian National under a trusteeship and the Canadian Pacific under its own board of directors. I hold no brief for Mr. Beatty, but I want to read what he said in Winnipeg on February 3. Let me read this paragraph, quoting Mr. Beatty's own words:

> I have stated on more than one occasion the objections of the Canadian Pacific to the commission's plan. We are prepared to agree to all proper measures of cooperation, but we cannot consent to our property being administered for us, but at our expense, by others. We cannot agree to turning over to an arbitrary body the conduct of our enterprise and the shaping of our policies, when, in the nature of things, the consequences must be borne by the shareholders. The views of those charged with the responsibility of protecting the enormous investment in the Canadian Pacific would not, in these circumstances, prevail. This is not regulation; it is the assumption of complete powers of administration without financial responsibility.

That is the opinion of Mr. Beatty, president of the Canadian Pacific Railway, but under this bill he is compelled to tie his system up with the Canadian National. In my humble opinion the cure for the situation in which the two railways find themselves is the one that could be applied to every individual in this country. The reason that these two great systems are in their present condition is that they have not tonnage; they have not business. Give them business and tonnage—and I hope before long we shall have them back—these two railways will again be serving the Canadian people in the efficient manner they did a few years ago. Further, the railways will never be back to normal tonnage until our agricultural industry is back on a footing whereby the product of the farm can be sold at a profit. When that occurs, these railways will not want for tonnage. The hon. member for Muskoka-Ontario (Mr. McGibbon),—and I welcome him to our side of the house, because I see he is here—said the other day that the Canadian National system was in red ink. There is not an individual or an industry in Canada that is not in red ink. I am of the opinion that the manufacturers of red ink are perhaps the only people who are out of it, because they must be doing a large amount of business. Everyone is in red ink. It is true that the Canadian National, this great system of which we were all so proud a few years ago, is in red ink. But I give it, only as my opinion, that the Canadian people, irrespective of politics in regard to the Canadian National, in the condition in which it is to-day, if you like, in red ink and with huge deficits, still consider that it is one of the greatest assets we have and posterity will show that they are right.

In conclusion, I say: Hands off the Canadian National Railways. Let it work out its own destiny, not tied up with the Canadian Pacific Railway, not administered by three trustees who are not responsible to anybody, who are not responsible to this parliament and who are a law unto themselves. Let the present manager of the Canadian National and his directors, if you like, who come from all sections of the country and who know the local problems, continue to function. Let them go on carefully as they are doing, keeping down expenses, and when conditions change we shall not hear very much about the woeful position of the Canadian National Railways.

Mr. D. M. KENNEDY (Peace River): Mr. Speaker, the railway situation in the Dominion of Canada is, I am free to admit, rather serious, but not more serious than that of other industries. We are not discussing this bill and this question to-day solely because of the railway situation. We are studying it largely because of the tremendous worldwide economic depression of which Canada has experienced her full share, due partly to her own policies, partly to policies in other countries and partly to other factors. We have had in the last four years a shrinkage of about 50 per cent in world trade. The British note mailed to Washington last December referred to the depression as one of unparalleled severity. It has been called an economic blizzard and several other names indicating that most people thought it was the worst depression we ever had. The report of the committee on transportation calls attention to this as being one of the contributing factors but the railway problem is not any more serious than the agricultural, the manufacturing or the financial question or that of government, federal, provincial and municipal, with regard to deficits, and unless we can get some other commission or some other means of dealing with the depression as it affects other industries, it is not worth while dealing with this bill or trying to do anything with the railways; we are heading for disaster. Personally, I do not think we are heading towards a disaster although we have already experienced something which might be termed that. I believe that to-day and during the last few years the world has been learning lessons which will be of immense value in the future. When one studies all the troubles confronting the world, considers the position of industry generally,

and the economic life of this and other countries, one feels as though all the waves and billows have gone over it.

Some of the speeches made in the house have indicated that members are under the impression that the trouble is due to extravagance. To some degree I share the views of hon. members who have spoken kindly concerning Sir Henry Thornton, and yet in my judgment in the last eight or nine years some inexcusable things have been done. There was extravagance shown by the railways in the building of hotels, in the development of steamships, and passenger services. But, Mr. Speaker, those were not the factors which made the real railway problem, if we want to discuss it as a problem distinct from all others. The railway problem in Canada was made previous to the war, and any hon. member who has doubts in the matter would do well to read the Drayton-Acworth commission report of 1917. Anyone who considers that report carefully must come to the conclusion that it was what happened previous to 1914, the excess mileage built in those years and the railways planned during that period, which is responsible for the real railway difficulties from which we suffer to-day. Among other things that report states that Canada had room for two transcontinental systems, but not for three. I believe that is the chief problem. If hon. members would examine the evidence submitted to the commission and study the report prepared by three gentlemen, one from the United States and two from the Department of Finance, they will find that the duplications set out as being unnecessary were duplications of transcontinental mileage mainly, and have nothing to do with branch lines.

There is of course another reason for our great surprise to-day. Is is that no one—railway executives, bankers, or any other people outside of a few economists—had any idea five years ago what was going to happen. They were caught as much by surprise as were the farmer and his hired man, the bricklayer or the hodcarrier. And if anything has tended to make me lose faith in supermen it is my study of this question. When I was very young I lost faith in Santa Claus. A little later in life I gave up hero-worship. To-day certainly I have lost the last vestige of faith in supermen. They are a relic of barbarism and superstition belonging to the age of tribal medicine men and witch doctors.

Mr. LAPOINTE: You have lost faith even in prime ministers?

Mr. KENNEDY (Peace River): It applies to all supermen.

Mr. JACOBS: Would the hon. member go as far as to say that all the supermen are in the soup?

Mr. KENNEDY (Peace River): I rise particularly to deal with that section of the report prepared by Mr. Loree respecting tonnage hauled on a certain mileage of railway. In his speech the Prime Minister referred to the fact that the commission had considered what had been done during the last few years in connection with branch lines. His words are:

> They saw all that was implied and involved in the branch line programs to which effect had been given and they learned with dismay of the financial position.

Between the years 1904 and 1917 the railway mileage in Canada was doubled. During those years we completed mileages ranging from 514 miles in one year up to about 5,000 miles in another. During the years following 1923 we built a few hundred miles annually. I challenge anybody to show that the branch lines built since 1923 loaded the Canadian National Railways or the Canadian Pacific Railway with anything which might be described as a real financial problem. The Duff report calls attention to the fact that we have less population per mile of railroad than has any other country in the world. That is only a half truth. Canada stands twenty-third in the list of countries, so far as population is concerned. China is at the top with a population of 444,000,000 and Canada comes in twenty-third along with Ethiopia and the Belgian Congo with 10,000,000. But where is Canada with respect to export trade? In 1929 the United States was at the top, with the United Kingdom running a close second, Germany third, France fourth and Canada fifth. Speaking before the royal commission, Mr. Hungerford, the acting president of the Canadian National Railways, pointed out that while between the years 1900 and 1929 the railway mileage increased by 135 per cent, the gross earnings of railways in the same period increased 656 per cent and the external trade of the country increased by 645 per cent.

We all know that Canada's railways have been laid out with the idea in mind of a vast export trade. Canada is, and has been for a number of years, leading the world in the export of wheat, and our wheat area is located farther from the sea than the area of any other country exporting wheat to the great markets of the world. It is preposterous to state that because we have less population per mile of railroad than has any other country of the world, we are over-railroaded. That is but a half truth, and before we can thoroughly appraise the whole situation it

is necessary that we should understand several other factors regarding the trade of Canada, where it comes from, what it is, and its proportion in relation to the total trade of the world.

Mr. LAPOINTE: And the area of the territory.

Mr. KENNEDY (Peace River): Yes. In 1929 while we had only one-twelfth the population of the United States, our trade was one-quarter the volume of the trade of the United States. Section 102 of the report is as follows:

> Commissioner Loree, who contributed the studies involved in the preceding tables, has also supplied freight traffic density diagrams showing lines of heavy, medium and light traffic. The first category includes lines carrying annually in excess of 2,750,000 net ton miles per mile of road; the second, the lines carrying less than 2,750,000 and more than 250,000 net ton miles per annum; the third, the lines carrying annually less than 250,000 net ton miles per mile of road annually. In the United States the right to exist, when tested by economic experience, of all railway mileage in the third group is under challenge.

Then he goes on to deal with the percentages.

I wish to mention the right to exist. That statement appears to say that the branch lines built since 1923 were not justified. The Prime Minister in his reference to Mr. Loree said he was not a trunk line man, they tried to get a trunk line man but did not secure one. But Mr. Loree is supposed to be an expert in railways matters. Perhaps it is as well to read the rest of this section.

> In Canada 42 per cent of the total mileage carries less than five per cent of the total net ton miles, and falls within the third group. Medium traffic lines, comprising 48 per cent of the total mileage, carry 45 per cent of the total net ton miles, while the heavy traffic is confined to the remaining 10 per cent of the total mileage, which carries 50 per cent of the total net ton miles. The light traffic divisions constitute 42 per cent, or 17,658 of the 42,075 miles of railway in the dominion. Were it possible to abandon this economically unsound mileage, the mileage remaining and now carrying 95 per cent of the net ton miles, would be about 58 per cent of that now in existence.

In other words the right to exist of 17,000 miles of railway in Canada is challenged. If you blotted out this economically unsound mileage the remainder would be about 58 per cent. Now what about that? My point is that Mr. Loree and the commission in accepting that statement and putting it here, utterly failed to grasp the significance of branch lines. That section of the report distinctly leaves that impression. We have on pages 32 to 40 the different zones. First an illustration showing traffic density, and on page 33 the totals. In the Atlantic coast to Levis, zone 1, shown on page 34, we have 2,096 miles of medium traffic and 3,161 miles of light traffic.

On page 35, Quebec to Detroit and Sudbury, zone 2, we have more heavy traffic, the total being 1,501 miles; medium traffic, 5,810 miles and light traffic 3,899 miles.

On page 36, Detroit and Sudbury to Port Arthur, zone 3, we have 2,061 miles of medium and 144 miles of light traffic.

On page 37, Port Arthur to Calgary and Edmonton, zone 4, we have 2,391 miles of heavy traffic, 7,901 miles of medium and 7,203 of light. And on page 38, Calgary and Edmonton to the Pacific coast, zone 5, 139 miles of heavy traffic, 2,518 of medium and 3,251 of light.

Now will anyone from the Pacific coast not agree at once that the few miles of heavy traffic close to Vancouver are only heavy because of the branch line traffic back of it? Will not anyone agree that the few hundred miles of heavy traffic around Winnipeg and east to Port Arthur is due to the fanlike extension of railways west towards Calgary and Edmonton and the Peace River country? You could not have that dense traffic were it not for that fanlike extension to the west and north. Yet Mr. Loree utterly failed to grasp that. Any board of trustees appointed might accept these figures at their face value and the result would be disastrous to some communities and possibly to the whole of the railways of the Dominion of Canada.

This matter was studied before very thoroughly by the Board of Railway Commissioners for Canada in the western rates case. Here is what they say. You will find a reference to some heavy traffic lines as well as light ones. This is found in the western freight rates case, April 6, 1914:

> The existing railway mileage is inadequate for the needs of those engaged in farming (in Saskatchewan and Alberta). In the former province 39 per cent, and in the latter 48 per cent of the total acreage is unprovided with railway facilities within a haul of ten miles. Thus farmers living at greater distances spend more in hauling the grain to the railway than it costs to haul the grain by rail from the railway station to Fort William. The governments of these provinces are therefore justified in assisting railway construction so as to shorten the average haul for the farmers.

In dealing with the principle of pro-rating we find this at page 157 of the western rates case:

> A more striking instance of the manner in which the application of the pro-rating principle works out is shown by the Lake Superior division, which is in eastern Canada.

That is one of the heavy and medium traffic lines.

This division, running as it does in great part through a wild and practically unsettled country, accompanied with great operating difficulties, and with, of course, the lowest production of local tonnage per mile of line of any part of the Canadian Pacific railway, nevertheless is shown to make good returns. It has been called by all counsel engaged in this inquiry a bridge over which commerce is compelled to move, the simile of a bridge, of course, being employed by reason of the fact that practically no more local traffic is obtained than would be found in running over a bridge, which, of course is nothing. Yet, as a result of the manner in which the railway's accounts have been divided, and which have been adopted by counsel for the different complainants, the Lake Superior division is shown to be highly productive, the returns for example, of 1911, crediting that division with a net operating revenue of $4,731,287.44, only exceeded by that of Manitoba and Alberta, while Saskatchewan's net operating revenue is shown as $3,745,071.12, a division producing a very large proportion of western traffic. On its face, of course, these figures would show the Lake Superior division to be profitable and one on which a comparatively low local freight rate should be enjoyed, leading, of course, to an absurd conclusion.

Most of the heavy traffic lines set out by Mr. Loree as the ones that have an undoubted right to exist have their heavy traffic because, in addition to the local traffic, they are acting as a bridge for traffic that is gathered from or going out to sparsely settled areas served by the branch lines. If anyone doubts the fact that western prairie lines are profitable, where most of the branch lines have been built since 1923, I refer again to the Drayton-Acworth report, page 36. It is dealing with the Canadian Northern position in 1914. The first two paragraphs relate to the financial position. Then they say:

It will be observed that the first appeal to the government was some months before the war.

The western rates case judgment was given on April 6, 1914, just about the same time. This bears also on that statement so often made about eastern Canada financing railway construction in the west:

No doubt the stringency of the money markets of the world at the time made it more difficult than it otherwise would have been for the company to sell its securities. But that was not all. There was a further cause intrinsic to the company itself. It had gone ahead too fast and had undertaken various extensive schemes, which could not possibly carry themselves from the outset. The Canadian Northern Pacific, the Canadian Northern Ontario, and the Montreal terminal especially implied very serious commitments. And the prairie system, which was self-supporting and yielded a profit, was not sufficiently developed to carry this weight.

If we need further supporting testimony we can get it from the speech delivered in New York by Mr. Beatty on February 22, 1925, before the New York Traffic Club. I am not going to read it all; I should like to refer to only one sentence:

"If," said the speaker, "instead of turning its prairie lines into a portion of a transcontinental system, the owners had been content to make as their termini the mountains on the west, and the great lakes on the east, they would have been the wealthiest men in Canada, and Canada would not to-day be facing the railway burden it is compelled to bear."

I have here a pamphlet on the Canadian Pacific Railway Company, the present situation and future outlook from the viewpoint of the investor, published by Wood, Struthers and Company, dealers in tested securities, of New York, with comments and criticisms by Mr. Edward W. Beatty, chairman and president. Mr. Beatty's letter is at the end of the pamphlet, so I think this may be taken as authoritative. I quote:

The double tracking of the main line between Winnipeg and Fort William, which is the heaviest traffic division on the Canadian Pacific—

Where there is no local traffic at all.

—over which most of the wheat grown in the prairie provinces must be hauled, has been one of the most outstanding physical contributors to operating efficiency. The operating costs on this division are perhaps the lowest on the entire system.

That bears out the contention expressed by the Board of Railway Commissioners in 1914, showing that branch lines are necessary in order to have heavy traffic lines at all. You might just as well cut off the roots of a tree because they are not as big as the trunk and say, "We do not need them; they are too small and are of no use." I want to state emphatically, Mr. Speaker, and I challenge denial, that the branch lines built through the farming areas of western Canada were justified in practically every particular. Our need is not fewer but more branch lines. I say again that this portion of the report is entirely misleading, and I cannot understand why it should be presented in this light at all. The only favourable thing I can see in this connection is that in spite of the fact that commissioner Loree prepared this study of density of traffic, the commission refused to include branch lines among the list of factors making up the railway problem.

I have here the map included in the report, and I am going to refer to that part of the country with which I am most familiar. This map shows the railways of Canada and indicates those lines whose right to exist is challenged by experience in the United States

If you take the lines running north from Edmonton to serve the Peace River country, those who have been to Peace River know that for the first hundred miles north of Edmonton these lines pass through a well developed farming country. Then, for about 100 miles, there is undeveloped territory with a few sawmills here and there. Then the lines reach the real Peace River farming country, and one of the lines whose right to exist is challenged, according to this map, is the portion which produces all the traffic originating in that farming country, while one of the lines whose right is not challenged is the 100 miles through the territory where there is little local traffic, and where there would be no need of a railway if it were not for the farming district lying beyond.

I listened to the remarks of the Minister of Railways, and I may say that I agreed pretty generally with what he had to say. However, he made one statement to which I should like to refer, because I do not know whether he meant it as it stands in Hansard. He went on to explain it later, but I noticed that one of the newspapers took this portion of his remarks and dealt with it as though it were quite separate. At page 2777 of Hansard for this session the minister said:

> I must confess it was my own conviction—that grain traffic was the paying traffic of the railways. As a matter of fact, it was not so much the wheat and grain traffic that was the paying traffic for the railways as the fact that the people of the west were selling their products at a reasonable price and had the money with which to purchase goods from some other section of the country, thus providing return traffic; and that total traffic brought about the prosperity of the railways.

Some of us have argued as to the importance to the railways of the wheat traffic, and the traffic in agricultural products generally, but I submit that no one from the west who has had enough knowledge of the subject to express an opinion ever thought that the wheat traffic was sufficiently profitable to carry the railways without other traffic. This, however, does bring out the fact that the wheat crop is an originator of new wealth and new purchasing power, and unless the farmers can sell their products at a profit in the markets of the world there will be no real solution for the railway problem in this country for some years, at all events. It is remarkable how steady has been the planted wheat acreage of the west in the face of this shrinking price level, and the steadiness and dependability of the railway service throughout these years when the railway companies have been losing money has greatly contributed to the stability of the situation. I do wish that manufacturing and financial concerns could give the same stability to the development and volume of trade and sales in spite of falling world prices; then we would not have the depression as severe as it is in Canada to-day. But, Mr. Speaker, the farmers have little or no control over the price level of wheat. I think, of course, that a reduction in the wheat acreage, if it could be effected in other countries as well, would help tremendously, and I think we should investigate that possibility. But I notice that the government is not throwing its weight in that direction at the present time. I want to say that the government, through whatever control it has over financial policies, has far more to do with price levels than the farmers have, and to the extent that they acted or did not act they must accept responsibility for the present condition. Any policies that have been adopted that interfere with the purchasing power of the farmers—whether those policies be tariffs or anything else—are contributing to the railway problem of this country. I know, of course, that a great deal of our trouble is world wide; I know the government has done something with regard to prices, but I mention these facts in passing.

I think, Mr. Speaker, that the most important part of this bill is the section having to do with compulsory cooperation. I read the amendment of the right hon. leader of the opposition (Mr. Mackenzie King) and while I agree with some parts of it I cannot quite understand why it was brought forward at the time it was moved. I suppose we will have a chance to deal with these matters later on. When it comes to compulsory cooperation, however, I have been wondering if this principle was called to the attention of the hon member for Toronto Northwest (Mr. MacNicol) and the hon. member for West York (Mr. Lawson). Some years ago when we talked about a conpulsory wheat pool in western Canada we were supposed to be advocating something that was communistic; but here we have compulsory cooperation applied to the railways of Canada, the transportation business of the whole dominion, one of our major enterprises.

I have not much fear of communism or socialism or capitalism. I think the hon. member for Regina (Mr. Turnbull) pointed out that what we had in Canada was a sort of mixture of cooperation and capitalism. I have not much fear of the theories which the ordinary individual has in the back of his head so long as he has common sense enough to know how far they can be applied in connection with the circumstances and affairs with

which he is called upon to deal. I wish to state therefore that I intend to support this bill in a general way, although I think it is possible that there are in it some things which I should like to see changed and which I will vote to have changed.

Mr. J. H. HARRIS (Toronto-Scarborough): The manner in which hon. gentlemen have addressed themselves to this question, which is of such importance in this particularly critical time, is a matter of satisfaction not only to the house but to the country at large. The exposition of the railway situation as given by the leader of the government is worthy of the highest commendation, and the way in which the Minister of Railways (Mr. Manion) set forth the facts will equally commend itself to this house when we remember the high plane on which he kept the discussion. Indeed, throughout this debate, so far, all hon. gentlemen who have spoken have endeavoured to keep the discussion on that same high plane. To my mind this emphasizes the seriousness of the problem with which we are confronted.

I feel disposed to support this measure for some half a dozen reasons. First and foremost to my mind is the fact that the putting of this legislation into effect will do more to arrest the possible collapse of our transportation system than any other piece of legislation that has come before the house in the last decade. Who is there in this chamber who will say that our transportation system was not headed for collapse had we continued to follow the policy of merciless competition and expansion which has been in vogue in the last ten years. The system was bound to collapse if we had continued along that line. We have had an example of what was bound to happen in what has happened to the country to the south of us in connection with another great national necessity; I refer to the collapse of the banking system there. The financial affairs of our railways are on a par with the banking system in importance and, I repeat, we were headed for collapse if action had not been taken.

The hon. member for South Perth (Mr. Sanderson) said a few moments ago that nothing was being done, that nothing new has come to light in this particular Duff report. He said that the Duff commission had only brought in evidence and information that we have all known for the last five or ten years. May I remind that hon. gentleman that during the last ten years his friends have been in power. If therefore they knew all these facts throughout that time why did they not initiate some legislation to prevent the collapse that was inevitable? They had the benefit of the June 1925 report made by that impartial body the Senate. Did they take action on that report? They never did; they allowed the matter to drift. The hon. member also complained about a speech made by the present leader of the government in the city of Stratford, when the right hon. gentleman declared that if given power he would see that no harm would come to the Canadian National Railways. The Minister of Finance of that day knew, as members of the opposition to-day will no doubt recall, that the Senate had brought down a report indicating that something must be done to curb the reckless extravagance that was then taking place, and also emphasizing the importance of taking a grip on the situation and passing legislation of the kind we have before us to-day. The Senate had asked in their first recommendation that cooperation be made possible, and had we been given power at that time, instead of waiting another five years and spending another $500,000,000 of the taxpayer's money, this government would have seen to it that all that extravagance was avoided. I am satisfied that if this government had been in power a good deal of the money would have been saved and, more than that, there would have been on the statute books of the country legislation similar to this, in accordance with that Senate report of 1925.

This legislation carries out the pledges given to the Canadian people by the party now in power. It is intended to conserve this great railway asset for the Canadian people, and one other bright spot is the assurance that it will prevent the situation from becoming, whenever there is an election in this country, nothing but a political football. It will tend to reconcile the opinions held on the one hand by those who believe in private ownership and on the other the opinions of those who support public ownership, and will avoid any serious divergence in their approach to this problem. It will re-establish confidence in the industries of our country, because from ten to fifty per cent of the cost of operating an industry is made up of transportation expenses and freight costs. Those engaged in industry know now that the government is firmly behind a movement towards retrenchment so far as unnecessary railway expenditures are concerned, and this in due course will reflect itself in freight rates on those commodities with which they carry on their business. Perhaps the most important aspect of all is that the large body of workmen whose vocation is on the railways of this country will now see that the government in power

is determined that neither the Canadian Pacific nor the Canadian National Railways shall fall into bankruptcy, and that these men's jobs will be assured them for some little time to come.

My hon. friend from Kenora-Rainy River (Mr. Heenan) is concerned in this regard; he says that shops here, there and yon throughout the country will be closed down. He made the suggestion that from eight to ten thousand employees would find themselves out of work. I rather think the hon. gentleman is overdrawing the picture. He has a great love for his fellow men, and being of that Irish makeup you rather expect to find that in him. I often think however when I hear him speak in this house that he allows his love for his fellow men to be very much overshadowed by his devotion to party politics, and when he makes the statement that from eight to ten thousand men will be dismissed I rather think it occurs to him that the political effect will be of some real significance in helping the fortunes of his own party. The hon. gentleman knows, as we all know, that every year sees a turnover of at least five per cent in the personnel of railway companies. He also knows that with a decline in tonnage being hauled on the railways the work is not there, so that they cannot employ as many men as they would like to. The turnover is at least five per cent and, according to Mr. Beatty, it is as high as six per cent; it would be therefore only a matter of four years when twenty per cent of the present employees would be, if things went from bad to worse, out of service in the ordinary course of events. We do not look for that condition, rather we look for an improvement. Far be it from me to say that 20,000 out of the 150,000 are looking for some other vocation in life; the whole system will be demoralized if the 150,000 are not sure of their vocation. I think the men in the employ of these railways are satisfied that this government is going to do something to make the continuance of their jobs actually possible.

I come now to my seventh point. This legislation is the considered opinion of an impartial body which travelled this country from one end to the other in order to make a study of the problem. The hon. member for South Perth (Mr. Sanderson) has made the statement that nothinig new is contained in the report of the Duff commission, but I cannot agree with that statement. There were also the sittings of the Senate committee, another impartial body of men trained in business and from all walks of life, where this matter was considered in an impartial manner and without political flavour. This bill now before us is the result of information which has been gathered during the past ten years. This information is to be found in the journals of the house, in the proceedings of the shipping committee, in the proceedings of the Senate committee of 1925, in the proceedings of the Duff commission and finally in the proceedings of the Senate committee of this year. All this information has been consolidated into this measure and it should receive the wholehearted support of this chamber.

I should like to make a few observations with regard to the loss of tonnage. Our primary commodities make up a large volume of the tonnage carried by our railways, but it is not always the most profitable tonnage. There is no gainsaying the fact that the low prices now offering for these commodities has retarded their movement. Because of low prices the primary producers find that in many cases it does not pay to send their goods to market. The hon. member for Queens (Mr. Myers) gave an illustration the other evening when he referred to the difficulty in picking up potatoes here and there throughout Prince Edward Island in order to move them to market. He referred to the inflexibility of our railroad classification. In the past our railroads have not adapted themselves to the difficulties faced by a sparsely populated country such as Canada. There is great difficulty in making up carload lots at points of origin, and this offers a big problem to the small shippers who produce only two or three ton lots of goods. The pooling arrangements and the cooperative measures contained within the four corners of this bill will make possible the pooling and loading of carload lots with a resultant benefit to the shipper.

During the past decade the one thought in the minds of the railroad men of America has been to build larger and heavier equipment. As an example, we have our 5700 engines with their 26 wheels. I am not complaining as we will have to do the best we can with them. We have our 100,000 pounds capacity freight cars weighing 40,000 pounds dead weight. I do not consider that such equipment is economical. Apparently the only thought in the minds of our railroad men is the movement of such bulk commodities as wheat, coal, and pulpwood. Did they consider the heavier units necessary to handle this heavy tonnage? I do not think sufficient consideration was given to the cost of the heavier rails, the extra foundation and roadbed and the stronger bridges necessary

to handle this type of equipment. There was also the necessity of installing heavier cranes, drills and lathes in the shops in order to handle the necessary repairs. In the past when thinking of freight we have been too prone to think only of wheat, coal, pulpwood, newsprint and similar heavier commodities; we seem to have lost sight of the fact that the real revenue producer is package freight. We are glad to have the wheat from the west which represents new wealth and all that, but is that the real revenue producer for the railroads? Is it not rather the package freight which is taken back to supply the needs of the primary producers?

I ask the house to bear with me for a moment while I discuss the industrial production in this country and its relation to freight rates. I should like to draw a line of demarcation between the type of industry which is prominently in the minds of certain economists, such as General Motors, the steel works at Sydney and Algoma and the pulp and paper mills, and those other industries which are the real backbone of the industrial life of this country. I refer to the small industries such as the shoe factories in Quebec, the textile mills in the Ottawa valley, the tanneries at Kitchener, Huntsville, Newmarket and Kingston. These are the industries which make up the profitable freight for our railway system. How much consideration has been given to them by the railroads during the past two or three decades? I see my furniture friend is in the house, and I shall include the furniture factories amongst the industries which go to make up the revenues of our railways. How much consideration has been given to these industries? Very, very little. Apparently all the people can think of is wheat, coal, newsprint and similar commodities; no consideration has been given to the smaller industries in Canada. Many of these industries consume only four or five tons of one particular commodity and the result is that the purchasing agent in need of raw material is forced to take a carload lot of the particular commodity in order to obtain a respectable rate. This is in contrast to the situation which prevails in Europe, to which the hon. member for Kenora (Mr. Heenan) referred the other day. The minimum carload lot in this country is twenty tons, while in Europe the minimum is three or four tons. The purchasing agent finds that twenty tons of a particular commodity will stock his shelves for three or four months and it is necessary to tie up his capital for that length of time in order to obtain the carload rate. A similar condition prevails in the shipment out of the finished products of these industries. Shipments are made to sparsely populated districts and a shipment to a particular point may consist of only three or four tons. The industry finds it impossible to make up a carload shipment and in practically every instance the less than carload freight rate is almost double the carload rate plus one cent per hundredweight. This creates a real hardship for these industries. There is contained within the four corners of this bill an opportunity for the railroad companies to pool shipments offered for one particular destination. This will permit a reduction in the cost of operations and in the final analysis will accrue to the benefit of the shippers.

Heavy capital and renewal costs of these giant units of transportation must stop; these units are big enough now. The hon. member for Kenora-Rainy River, who is so solicitous with regard to railway labour, said the other day during the debate, and was rather proud to say it, that within the last ten years these railways had been able to haul per man unit an extra 12,000 tons of freight. Every time you thus increase the efficiency, you cut out the man power necessary to operate the railways. The hon. member talks about efficiency, but if the efficiency rises from, let us say, 60 per cent to 80 per cent in the conduct of our railways and 90 per cent of that efficiency lies in the elimination of man power, where in the final analysis does the benefit accrue to the people of Canada?

We have followed the United States plan; we have Americanized the conduct of our roads and we have even surpassed the United States in that regard to an unnecessary degree. We shall have to put up with this, but the time has come when we should call a halt to the extravagant expenditures of these big transportation services. We should stay where we are for a while till the population and production of Canada can catch up. In following the United States plan, we have just opened the gate, as it were, to motor truck competition; we have made it possible for motor trucks to fit into the groove where small industry was not getting any real service from the railway companies. It is true that the railway companies are now waking up to the situation and mending their ways a little, but they are rather late in doing so. The handicap which has been placed on industry through the railway companies not meeting motor truck competition is something which the latter will not get over for some little time. The railway companies have been very arbitrary in setting up their classifications

and freight rate structures. They seem to have followed the plan: Whatever the traffic will bear, that will be the freight rate. Let us take a case of goods originating in one point and being shipped to another point on another line of railway. If the other end was a competitive point, switching charges were absorbed; but if it was a non-competing point, switching charges were not absorbed. Was the cost in one case greater than in the other? This is a straight example of taking advantage of the local situation. In a like manner take cartage rates, these pin-pricking items of expenditure with which anyone in business finds himself confronted each and every day he is doing business with arbitrary bodies such as at times our railway companies have been and which, I hope, this cooperative measure now before the house will eliminate. One hundred yards from a railway station the cartage is four cents per 100 pounds; half a mile from the same point on the same car, it is still four cents and two miles from the same point it is still four cents. There is no equity, no consideration in that particular regard. At the present time they will quote you a freight and add cartage here and cartage there; in like manner the other Canadian companies will do the same, yet if you have, on a competitive line a siding into your plant, they will absorb the cartage. Is the cost any greater? In the past they have been able to put through these arbitrary rate rulings, and this cooperative measure is long past due in this country to establish and help out industry.

There are in the bill a few features to which I should like to address myself and perhaps only one in regard to which I should like to sound a note of warning. I am a little sceptical about subsection 2 of section 2 where it reads:

> Parts II and III of this act shall not apply to any manufacturing, land, mining or ocean marine company, undertaking, property, work or service.

These particular units or assets of our transportation systems have in days gone by in their interlockings undoubtedly had a good deal to do with making our railway systems at some stage or another solvent. The converse of that is true that in days gone by our railway systems from their earnings have, to my mind, done a good deal towards stabilizing the solvency of some of these undertakings which the railway companies in their wisdom have seen fit to assume. During the last few years one might hazard a guess that the Consolidated Mining and Smelting Company has done a good deal to lessen or overcome the difficulties which the Canadian Pacific might have had in the way of loss of revenue in the operation of their line. During the last decade they have been interlocking and when the railway company was not earning any money, perhaps the mining company or the land company or the mortgage transaction or the irrigation scheme or the immigration and colonization plan was. In other words, when one cow was not milking, the other gave a little milk. Now that these are being separated, my note of warning is to see to it that in days to come traffic borne on our Canadian railways will not be penalized in any degree for the benefit of these interests outside of the jurisdiction of this measure.

But if this one feature is something to which thought should be given in the days to come, there are many features of the bill of which I express hearty approval. We are getting back now to a sound financial statement from our railways. Section 12 of the bill provides that income deficits shall not be funded. Some of the older members will remember about ten years ago the late Right Hon. Mr. Fielding said in the house: "We have a credit balance in the national affairs of this country this year, but when we have to pay the deficits of the Canadian National Railways, it makes a debit balance and adds to the national debt." Mr. Fielding was sound in his bookkeeping system as far as the Canadian National Railways were concerned, and it was a matter of regret to me when I noticed that his followers in office did not continue that sound practice of writing off deficits as they occurred instead of putting them into capital account.

A continuous audit by independent auditors, in accordance with section 13, is something really worth while, but I am glad to see the rider which follows it to the effect that:

> Their annual report shall call attention to any matters which in their opinion require consideration or remedial action.

That is very valuable. I would not be surprised if half the people of this dominion are not aware that the Canadian National Railways charge no depreciation whatever for the wear and tear of the equipment that is running on their rails to-day. This has not been done; it is not the bookkeeping practice of the system. I ask any hon. member who has had anything to do with business: Is it not sound business to have depreciation charges provided for each and every year? That practice, however, does not obtain in the bookkeeping of the Canadian National. It is too late to remedy this, yet I point it out as one instance among many others which

the auditors, if they do their duty according to this measure, must bring to the attention of parliament. The auditors' report attached to the financial statement of the Canadian National Railways has in years gone by been simply that two and two make four and that they have found this to be the case, but as a real audit it has been meaningless and the rider in section 13 will be a good thing for us in that connection.

As provided for in section 14, the annual report comes back to parliament and thus the bogey raised by the leader of the opposition (Mr. Mackenzie King) some days ago is immediately dismissed. Of course we had to put in the provision to the effect that goods should be carried over Canadian railways to the Canadian seaboard rather than to foreign ports. I am quite in accord with that sentiment when it is placed within the four corners of the legislation. It should satisfy the qualms of conscience experienced by the hon member for Queens-Lunenburg (Mr. Ernst) every time he looks at anything concerning railways.

What objection could there be to part III of the bill? It provides for the joint use of terminals, running rights over and joint use of tracks, and the avoidance of duplication in the construction of new lines. Hon. members know what the hon. member for Peace River (Mr. Kennedy) has in mind. We realize that if there were no branch lines there quite probably would be no trunk lines. There have to be branch lines to collect freight. But is there any harm in men who have the interests of the country at heart, the heads of the two railway companies, getting together and deciding on the use of one branch line rather than permitting that line to operate in opposition to another running parallel with it? Sensible men have the interests of Canada at heart, and are willing to cooperate. In his speech made at Winnipeg a few days ago Mr. Beatty indicated that willingness. Why would he not? If he is not willing, if the measure now before us does not go through this House of Commons, and if we continue the policy which has been in vogue during the last ten years, we are headed for a situation the result of which will be one of the greatest financial tragedies Canada has experienced in her economic history.

Then the bill advocates the joint use of facilities. In the city of Toronto we have an example of what joint use means. The Toronto terminals are being used jointly and to the advantage of the people and the railways. In like manner I can picture possibilities throughout the length and breadth of Canada for the joint use of facilities for the common good.

I now come to part III of the bill, which concerns the pooling of freight and passenger traffic. As I have already spoken concerning this angle of the matter I shall not enlarge upon it at the present time. The hon. members for Kenora-Rainy River (Mr. Heenan) and Winnipeg North Centre (Mr. Woodsworth) seem to be greatly worried about the elimination of services. For their information I direct their attention to subsection 5, section 9 of the bill, which states as follows:

> Subject to the terms of this act, and until otherwise provided or directed under its authority, every operation and service of National Railways shall continue and be continued by all persons now concerned therewith as if this act had not been passed.

Surely that is sufficient to satisfy the minds of hon. members opposite. We are not going to dismantle the Canadian National Railways by cutting off services already enjoyed. We are not going to tear up a line here and another there, and leave without railway facilities the population who in good faith have settled in those parts. There is a clause in the bill dealing with that matter, and I am convinced, Mr. Speaker, that the issue has been raised by hon. members merely for the sake of having something to say.

The principle behind this bill receives my endorsation. The hon. member for Kenora-Rainy River has asked: Why not send it to a committee? I suggest that for eight or ten years the matter has been under consideration by the railways and shipping committee. Was it not before a committee of the Senate in 1925, and was it not again only recently before a Senate committee? Have there not been hearings of expert witnesses here and there throughout the length and breadth of Canada? Have not the hearings of the eighteen sittings of the Duff commission been put into print, both in the press and in the final report? Is there not in the library of parliament volume after volume of journals of the house containing evidence concerning the railway situation? Is not that enough evidence, or does the hon. member for Kenora-Rainy River want to make a little more political capital by bringing before a committee witnesses from all parts of the country? Does he want to rethresh the old straw that has been threshed many many times? I wonder if it has occurred to him that every day that this House of Commons sits it costs the country $20,000? Will he dispute the fact that if the matter were sent to a committee of the house proceedings would be prolonged by at least another week?

So far as the high plane of debate is concerned, if it goes to a committee I assure the

hon. member it will be kept on that high plane. But, Mr. Speaker, some regard must be had for our friends of the fourth estate. If this house is deliberating on one problem, and a committee sitting in another place is deliberating on another, and if interests are divided, the public will not have a fair picture of what is taking place in Ottawa. If the fourth estate have nothing to do but to listen to deliberations in this chamber in committee of the whole, where the bill properly belongs, then the public will have a fair conception of what is taking place. The high plane of debate in the house is a matter which will be reported by the press, and it will tend to bring out of the chamber legislation that is really worth while. But after all, the bill would have to come back to this house, and the house would have to take the responsibility. It is quite true that the odd member here and there coming from a railroad centre would be able to hide behind a smoke screen, and say, "Oh, well, a committee of the House of Commons said so and so." But if it is considered by a committee of the whole house that condition will not prevail. I am satisfied that if the bill were referred to a committee there would be at least six or seven days' delay, which, at $20,000 a day, would add another $150,000 to the burden of the taxpayers.

Some hon. members, including the hon. member for Peace River, are worrying about compulsory cooperation. He has stated that we had the shoe on the other foot when we were talking about a compulsory wheat board. I say to him that the problems are entirely different from and foreign to one another. Anyone knows that in one instance we were dealing with 200,000 individual farmers, while in the present instance we are dealing with two corporate entities. Those two corporate entities will see to it that there is cooperation, and in my opinion when this legislation has passed and is functioning very little arbitral power will be exercised by the tribunal. Very few matters will be referred to it for decision. The men who are managing the two great railway systems want to get together and cooperate. They realize where they are heading, and that it is in the interests of Canada and of themselves that they get together and bring our transportation problem out of the maze in which it is at the present time. They are ready and willing to cooperate, and as great Canadians, I am satisfied they will do so for the general welfare of Canada. With such cooperation I can picture a condition under which the present freight rate structure and freight rate classifications will be made more flexible, thus having a tendency to obviate the possibility of cases such as those described by the hon. member for Queens (Mr. Myers) where on account of freight classifications, bricks, mortar, window sash, cement and lumber cannot be loaded into one car. In the final analysis I am satisfied that the freight rate structure, which has remained at such a high level while other commodity prices have come down, will be lowered within a few years so that many primary commodities produced in this country will be able to reach the point of consumption. I have in mind now the disadvantage of high freight rates so far as their effect on the tonnage of cur railroads is concerned. Not many months ago, I saw an offering of a million pounds of goods to go to Bermondsey, London, England, and when the cost of freight was calculated it was found to be more than the value of the commodity itself. I see that five hundred tons of goods are being burnt annually under the boilers of an industry in Toronto, displacing fuel which in turn would have been freight for the railway company. I see another picture, an industry that I pass each day when I am at home in Toronto, which last year produced two millions pounds of goods that found their market in Boston. Where are those goods going to-day? The low commodity value and the high freight rate to carry them to Boston have placed that thousand tons of goods under the boilers of that industry. With what result? The freight on the goods to Boston is lost, and also the freight on coal to that industry. Boston was supplied with the same commodity by waterborne traffic from South America. During the last twenty years—I can give the facts and figures—5,000 tons per year of nitrogenous products were shipped to Baltimore, that centre of industry which supplies the cotton growers of all the southern states. Now that entire 5,000 tons a year is being burned under the boilers of a 600 horse-power plant. With what result? Five thousand tons of freight haulage is lost to the railway, and the haulage of 1,500 tons of coal is also lost, on account of freight rates. The cooperation which is behind this legislation is going to do much in the years to come to help in an adjustment of that situation.

Mr. S. W. JACOBS (Cartier): Mr. Speaker, I congratulate the hon. gentleman who has just taken his seat (Mr. Harris) on his very eloquent remarks. I could not help thinking during his address that perhaps he is making a bid for a position on the arbitral tribunal, or some other high office which this bill provides. As the hon. gentleman has been my pair for a number of years I should be very

glad indeed to see him in that position; I am sure that with the voice he has and the knowledge he possesses about everything pertaining to freight rates and railroads generally, he would be a valuable acquisition to the board which is being created. Indeed, I could not help but think, after listening to the addresses of a number of hon. gentlemen on both sides of the house, that they are also making a bid for some position more lucrative than that of a mere member of parliament. May I say I sounded some of them and they do not appear to be averse. So we have plenty of material in this chamber to justify the remarks of the hon. member for York-Sunbury (Mr. Hanson) that it is an insult to the house to ignore us one and all. As I pointed out to the hon. member for York-Sunbury, however, I feel that the reason the government is not taking any action looking to the filling of these positions by hon. members is because it cannot spare our outstanding abilities at the present when the best of men are needed for legislation in this chamber.

The remarks which I have to make, Mr. Speaker, will be like my prayers, and the prayers of many hon. gentlemen, few and short.

Mr. LAPOINTE: Order!

Mr. JACOBS: The hon. member for Quebec East (Mr. Lapointe) says order. I know that this is the Lenten season, a time for confession, so I will not expose him.

I have taken part in these debates for the last thirteen or fourteen years, since 1919, when the Grand Trunk bill, introduced, I think by the Right Hon. Arthur Meighen, came before the house. I have taken part in debates on various bills introduced in connection with the Canadian National Railways, and after reading this bill and listening to the debate I cannot help but think that the French proverb is quite true: Plus ça change, plus c'est la même chose. My hon. friend from North Waterloo (Mr. Euler) asks me to translate. It means, "the more it changes, the more it is the same thing." This is a bilingual chamber, and I am surprised at my hon. friend.

I was opposed to the setting up of the Canadian National railways as a competitor of the Canadian Pacific. I thought it was bad policy, that it was not good business. It was preposterous that having created a railway like the Canadian Pacific—because after all we are the creators of that line—having given them tens of millions of acres of land and large sums of money in subventions and subsidies, and set up this remarkable property, which advertised Canada to every part of the wide world, so that people outside looked upon Canada and the Canadian Pacific Railway as convertible terms; for that railway put Canada on the map—it is preposterous, I say, that having done that, we should, at a time when the Canadian Pacific had reached the stage of making large sums for their shareholders, set up in competition with it another line, the Canadian National, backed by all the resources of the Dominion of Canada. How was it possible for the Canadian Pacific to get on under those circumstances? I say it was impossible. We placed at the head of the Canadian National one of the most astute railway men in the whole country; we sought for him on both sides of the Atlantic, and finally secured him. Then the expected happened. Both lines, as was quite natural, were looking for business; both were in competition, both were seeking branch lines and other forms of development. We had the edifying spectacle every year of both companies coming before the railway committee and asking powers to do this, that and the other, all in opposition to each other. Members of parliament were lobbied by these two companies, and what I consider a shameless condition of affairs went on.

Well, unfortunately for those who were against such a system, we ran into a streak of good luck; everything was prospering, and naturally we were not disposed to criticize where we found there was no complaint. There seemed to be enough traffic for both lines, until I think one year the Canadian National showed a profit over operating expenses of something like $58,000,000. At that time we were able to pay all the money due as interest on the bonds held by outsiders, and $7,000,000 or $8,000,000 was turned over to Mr. Robb, who promptly turned it back to the railway for the deficit on other expenses which they were incurring for the coming year. The Canadian Pacific Railway very courageously stood this as long as they could. They were certainly the under dog in it all. You could not expect the government of Canada to show any particular consideration for the Canadian Pacific Railway against their own child. Now during this time of depression the Canadian Pacific finds itself in a very sorry way indeed. It is only a question of time when they will have to go into the hands of a receiver if things do not change, there is no doubt about that. I am not prepared to say how long they can continue, but everyone can see what is happening. The credit of the company is ruined. The

railways are to be amalgamated—or perhaps that is not the word; I will say they are to be "coordinated"; but what is going to happen when the Canadian Pacific Railway is unable to hold up its end? They will have to throw up the sponge, and then what will we do, with one railway already on our hands? We are giving blood transfusions to it now—I do not know the exact term; perhaps the Minister of Railways (Mr. Manion) can tell me. We are using blood transfusions on the Canadian National; we are keeping the system alive in that way. There is transfusion to the Transcontinental, and in a very short time we are going to have the other line in exactly the same condition. Let us say that at that time they are coordinated. What will the government do with the Canadian Pacific Railway? They are entitled to their transfusion also. Why not say at once that this is amalgamation? It cannot be anything else. I am for the principle of the bill because I say it means amalgamation, if not to-day then tomorrow or the day after. It is inevitable; it cannot be otherwise.

Some hon. gentlemen on this side of the house had some doubt as to whether there was not something in the minds of the government in introducing this measure, looking towards amalgamation, and the other day the Prime Minister (Mr. Bennett) assured them that no amalgamation is intended. I believe what he said was said in good faith, but with these facts before the people is there any man who believes that eventually we will not have amalgamation? I am supporting the principle of this bill because I say it is amalgamation and nothing else, and for that reason it is in the interests of the country, of the government and of the stockholders of the Canadian Pacific Railway. I think the bill should go through, perhaps not in its present form but with various amendments which of course can be dealt with when the bill is being considered in committee of the whole.

Speaking the other day the hon. member for North Bruce (Mr. Malcolm) paid a great tribute to the intelligence of the members of this house. He said:

> I am thoroughly in accord with the hon. member for Hants-Kings.

I did not hear the hon. member for Hants-Kings.

> I do not think that any man who sat on the Duff commission, regardless of what his ability or previous experience may have been, has any more knowledge or any more conception of the railway situation as it applies in this dominion than have most of the members of this house.

[Mr. Jacobs.]

Later he went on to say:

> Not only that, but I consider that hon. members of this house have a better knowledge of the requirements of the Dominion of Canada and a fuller appreciation of what our railway system means to the national life of this country than any men who could possibly be appointed to any royal commission who have not been engaged in public life for the long periods of time that some members of this house have.

There may be some who have that high degree of intelligence to which my hon. friend referred, but I choose rather to accept the statement made by a former minister of the crown with regard to the degree of intelligence exhibited by this house in dealing with our railway legislation. He said:

> I am sure that all hon. members—and I watched proceedings there over a period of years—will agree with me when I say that, generally speaking, the members of that house, and in some cases ministers of the crown, do not clearly understand what they are doing on these railway matters. I say it advisedly. I have been there; I have gone through the experience. I say that the parliament of Canada has not the opportunity properly to digest, consider and adjudicate upon the budgets that come before it.

An hon. MEMBER: Who said that?

Mr. JACOBS: That was said in another place by Senator Calder, and I am prepared to accept every word of it; it is perfectly true. For ten or twelve years we have been voting millions of dollars into this bottomless sink, and where are we to-day? We do not know our business. What do we know about railways? My hon. friend from Toronto-Scarborough (Mr. Harris) knows something about them because he is a business man, but what do I know about railways, or, let us say, what do the medical men in this house know about them, with the exception of my hon. friend the Minister of Railways?

Mr. MANION: The president of the Canadian Pacific Railway is a lawyer, even as my hon. friend.

Mr. JACOBS: Yes, but he is not a member of the bar. He was a lawyer once, but it is something he has "loved long since but lost a while." I would compare the position in which the railways will be placed when coordination takes place to a companionate marriage. It is not a real marriage; the ceremonies have not been performed. It is not a chance association or an irregular acquaintanceship; it is a companionate marriage.

An hon. MEMBER: A liaison.

Mr. JACOBS: I do not know what it is. The only difference between this coordination

and a companionate marriage is that after a companionate marriage you can go back to the old condition if you are not satisfied. If the husband is not suited to the wife or the wife is not suited to the husband they can return to their former status. There is no alimony on either side; they become as they were before.

Mr. LAPOINTE: As you were.

Mr. JACOBS: Yes, as you were, as far as that may be possible. What is the objection to an amalgamation or coordination?—and I use that word because some gentlemen here object to the word "amalgamation"; they think it has a sinister meaning. I know my hon. friend from North Waterloo (Mr. Euler) has preached this up and down the country in season and out of season until I believe he has convinced himself that he is correct. I am with him but for different reasons. I support the bill because it means amalgamation, and my hon. friend from North Waterloo and his friends support it because it does not mean amalgamation.

Mr. MANION: To avoid any misunderstanding may I say that I do not agree that it means amalgamation. I say this because I do not want it said that I sat here and agreed with my hon. friend.

Mr. JACOBS: There are many things on which we do not agree in connection with which it may turn out that the minister is wrong.

There are two particular sections of the bill to which a good deal of attention has been given by the house. One is the famous section 16, which I should like to read, because I think there never before was a section like this inserted in any bill or statute. The section reads:

> The National company . . . and the Pacific company . . . are, for the purposes of effecting economies and providing for more remunerative operation, directed to attempt forthwith to agree and continuously to endeavour to agree,—

I wonder how that would be interpreted by a court of justice.

> —and they respectively are, for and on behalf as aforesaid, authorized to agree, upon such cooperative measures, plans and arrangements as are fair and reasonable and best adapted . . . to effect such purposes.

For the purposes of effecting economies and so on they are directed to attempt to agree and continuously to agree.

Mr. POULIOT: That is the position of the ministers with the Prime Minister.

Mr. JACOBS: That is another story. I should like to have seen the sardonic smile on the face of the Right Hon. Arthur Meighen when he drew up this thing: "To agree and continuously to endeavour to agree." It is a pious exclamation, a most noble sentiment; all it requires is to have a few of the beatitudes attached to it to become a first class sermon in this period of Lent. Of course, I would segregate the beatitude that refers to the meek inheriting the earth—"Blessed are the meek, for they shall inherit the earth." I should like to apply that to my friend the Minister of Railways (Mr. Manion) but I reserve it for the Prime Minister (Mr. Bennett). There are equally good beatitudes which could be found for the Minister of Railways, because he deserves well at our hands. I did not recognize him when he rose to deliver that magnificent speech last Tuesday, which as someone has said changed the whole tone of the debate. We know there are those who can roar like lions, but no lion ever roared as gently as a sucking dove as when the hon. gentleman spoke. I have great admiration and affection for the Minister of Railways. We came into the house together in 1917. We started life having, I think, the same political views, but he wandered away from the path of grace and he is now enjoying the benefits of a change of heart. He was and has been, I think, a minister of every Conservative government—not the Union government—of the time, and we cannot tell how far he is going to go before he finishes. I only hope he will remain with us for many years, and that he will cultivate that present sweet reasonableness which we welcome in him and which suits him so well.

Now I ask myself why it is that responsibility is shed by the government and placed in the hands of creatures of their own making. After all it ought to be the business of a government to govern; they should have courage. We listen to the Prime Minister when he gets up and there is courage in his remarks, and he is able to carry the entire government with him after they have listened to his blasts. Now, why is it that we have to create a body and put upon them all this responsibility? My theory is that the government do not wish to have any odium attached to themselves; if the thing goes well they will claim that this administration is the father of it; if it does not go well the odium will be borne by the scapegoat. And the scapegoats will be those receiving large salaries for their services, and I do not think they will care very much about the odium

so long as they have done the best they can. But a government must appeal to the people every four or five years, and they have to come, so to speak, with a clean slate and show that they have done nothing during their entire period which indicates that they are after all mere men and not, as my hon. friend from the west said, supermen. There are some people who are supermen until they are discovered.

With this section 16, which I say seems to have been taken holus-bolus from the Sermon on the Mount, mutatis mutandis, we come to the section dealing with the arbitral tribunal—section 19 I think it is. May I tell the house what will happen if the views expressed in section 16 are carried into effect—the section wherein cooperation is suggested. We are told what the Canadian Pacific Railway will have to do: "You agree to cooperate harmoniously, and so on, but if you don't agree this is what will happen to you." Then they proceed to declare what will happen; we have it stated in part III. If they do not cooperate their property will be confiscated. The body set up under this legislation is the court of last resort, for an appeal can be taken to the supreme court only on a question of law. I have not the time to read the section but there it is.

Now, that is not law, nor has it ever been law in any civilized community. It may have been law when Julius Caesar invaded Britain two thousand years ago but it has never been law since that time, and the Canadian Pacific Railway asks that some form of compensation be given in the event of confiscation. But that is turned down and treated as of no consequence at all. We in this house however, who still believe that there is some law and equity and justice in this country, oppose that provision and intend to move amendments which will protect both the Canadian Pacific Railway and the Canadian National Railways in future when they have cooperated and coordinated as they are asked to do.

Mr. LAPOINTE: And companionated.

Mr. JACOBS: Yes, and companionated; I thank my hon. friend from Quebec East; he rolls that word under his tongue like a sweet morsel. When I was a boy at school, which is a long time ago, I was compelled to read Caesar's Gallic Commentaries. He said there, if I remember the first lines—Don't ask me to repeat them in Latin: All Gaul is divided into three parts. Well, here we find all gall in part III. To-day in Russia we find the same system as is provided for in part III with respect to the arbitral tribunal. In Russia, every person, high and low, rich and poor, aristocrat and bolshevist,—they are all forced into apartment houses, tenements and so on; every person is taken care of. The aristocrat who had owned a mansion is obliged to give room in the house to his former butler and his cook and the cook's cousin. He can keep two or three rooms for himself but the others are divided up according to the number of people who are seeking tenancy; and even the piano, which the aristocrat is perhaps permitted to play, must also be given over to the use of other boarders or lodgers from time to time. The aristocrat resents that; he remembers the days when it was not thus. I fancy that the same feelings must actuate Mr. Beatty and the friends of the Canadian Pacific Railway. They resent people coming into their house and telling them how to run their business. They were a success before the Canadian National Railways was attached to them, and they think they are able to run their own business just as well and perhaps a little better than the others. But they say, "If you are going to do this, then give us something for the use of our property. Compensate us for the confiscation." I am pretty sure that the sense of justice of hon. members in this house will never permit a bill of this kind to go through with such a glaring act of injustice as is contemplated in this part III.

I would welcome and I am sure every person who had at heart the interests of this country would welcome some form of cooperation which will save to this country millions, nay tens of millions of dollars. We have it on the evidence of men who should know that we can save from $60,000,000 to $75,000,000. We will not quarrel over a paltry $5,000,000 or $10,000,000, which is a mere bagatelle in this thing. If we could secure a sort of equilibrium between the moneys which we have to pay out on account of the Canadian National and the moneys we will have to pay out subsequently on account of the Canadian Pacific, if we can make ends meet it would be a magnificent thing. I think this country might very well erect a monument in bronze to my hon. friend the Minister of Railways, to the Right Hon. Mr. Meighen and to the other worthy gentlemen should they be able to bring this about. I am sure that in their wildest dreams of imagination they never thought that anything of that kind could be done. The Lord works in a mysterious way his wonders to perform. This may be brought about and some day as I take my walk around parliament hill I may gaze upon the classic features of my friend the Minister of Railways and I will say to myself, "This is the man who did something

for his country, and this is the way we recognize it." At one time I did think that this could be done. Now the prophecy is fulfilled: the lion and the lamb shall lie down together and a little child—the Minister of Railways—shall lead them.

Mr. W. W. KENNEDY (Winnipeg South Centre): Mr. Speaker, the bill now before the house and which has emanated from the Senate is to my mind of first legislative importance in so far as the measures which have and which will come before us are concerned. It is of such importance to the city of Winnipeg, a constituency which it is my privilege to represent, that while I do not intend to speak at any considerable length, I feel my attitude might be misinterpreted in my own constituency if I failed to express my views before the bill goes to the committee of the whole.

Fifty years ago the city of Winnipeg was no more than a hamlet; to-day it is a city of approximately a quarter of a million. Fifty years ago there were no railroads either entering or emanating from that city; to-day a view from the air would show railroads branching out in every direction. There are the two transcontinental systems running east and west and other railroads fanning out north northwest, northeast and south from the city. We have in that city railway yards and shops which will compare favourably as to size, investment and number of employees with any other railway yard on this continent. An important part of our great railway system is the Canadian National Railway, with which this bill is concerned. This railroad is of importance not only from the physical and financial aspect but from the point of view of the number of employees to whom the purpose and effect of this bill are of primary importance.

It is unfair to say, as has been said upon certain occasions, that the government is not concerned primarily in the interests of the employees. I think it is a misstatement of fact to say that the first interest is either that of finance or that of the employees. The financial and physical aspect of the railways and their financial success is so closely correlated with the plight of the employees that it is senseless to endevour to separate them and say that either one or the other is of primary importance. Unless the railway systems of Canada can be made a financial success, there can be no permanent success for the employees. On the other hand, unless the employees are taken care of in a reasonable way you cannot make a success of any railroad, and particularly of any publicly owned system.

What are the objects of this bill? To put it briefly, they are to relieve the plight in which the Canadian National Railway now finds itself. But it goes further than that; it is an attempt to relieve the plight in which all the railways of Canada now find themselves, and particularly the two transcontinental lines, the Canadian National and the Canadian Pacific. It has been suggested, I think by the hon. member for Winnipeg North Centre (Mr. Woodsworth), that it might be feasible and perhaps necessary to consider, the cutting down of the interest rates or even the paring down of the capital debt with respect to the moneys borrowed from the investing public in this and other countries. It seems to me that the road to success in the life either of an individual or of a great industry does not lie over the pathway of broken pledges or repudiated covenants. The government has put the people's money into this undertaking, the government appealed to the investing public in this and other lands to advance their money for the bonds of Canada upon the agreement to repay at certain rates of interest. To my mind it is unsound to argue now that these rates of interest are too high, it is unsound from the point of view of the country's honour and credit to argue that more money was borrowed than should have been borrowed, and on that basis to suggest repudiation. We must face the fact that these moneys, in whatever amounts they stand in the ledger, are moneys advanced by people who had faith in the resources of Canada and in the honour of this country.

To repudiate repayment of either principal or interest would be a dishonourable act so far as Canada is concerned, and I cannot believe it is the serious and considered opinion of the hon. member for Winnipeg North Centre, that if perchance as prime minister leading a party he were face to face with the situation, he would draw a line through Canada's bonds and undertakings and announce to the world that she repudiated her pledges. If this were done, there might be a little immediate financial benefit, but after all the immediate present is only a very short period of time. Stretching ahead of every indivdual and of Canada is the long, long future, and it is better, even if we have to live a little plainer, even if we have as a nation to dig a little more deeply into our pockets, that Canada should honour her bond as given and pay her debts, as I believe she will.

What is the plight of the Canadian National Railways? It can serve no purpose to

enter into any detailed discussion. The facts have been placed on Hansard; they have been discussed on every public platform and in every newspaper throughout this country. The railways are facing a financial crisis. A description of the plight of our national railways was given by the first minister (Mr. Bennett) in his speech, concerning which statement there has been considerable comment in the house and also in the press. I refer to the observation made by the Prime Minister on the ninth of this month, when, describing the situation of the Canadian National Railways, he used words to the effect that essentially the people owned not the Canadian National Railways but merely the equity of redemption. The "equity of redemption" is essentially a legal term. To speak legally and in the narrow sense, it is true that the Canadian people do own the equity of redemption in the Canadian National Railways, but the conclusion drawn from that statement to the effect that the equity of redemption amounted to but little is incorrect.

What is the equity of redemption which the people of Canada own in the national railways? Let me explain this as simply and in as few words as possible. If I own a farm, borrow money on it and secure the loan by a mortgage, by the deed I mortgage to the person lending me the money my farm and all my rights and interest therein. If that mortgage be large and I fail to pay the interest thereon, and the interest and taxes accumulate to a degree that the amount of money owing under the mortgage is comparable, let us say, to the actual value of the land, it may be said with truth that I have little interest in that land. I have, it is true, the right to redeem it from the mortgage. That right to redeem is my equity of redemption. If all I own in this world is that farm; if it is mortgaged to the hilt and I do not pay and the mortgagee decides to realize, two courses are open to him. First, if it be the only asset I have; if my covenant be worthless; if to take a judgment against me in case of default would not realize the money, the mortgagee is driven to this position; he forecloses; he takes the farm and through legal means my equity of redemption is extinguished so that he owns the farm. It may be said that my equity of redemption from a practical point of view is worthless; but before he decides to foreclose and take over the farm, if he be a judicious man he will make inquiries to ascertain whether I have other assets available through which the amount of that mortgage may be realized. If he finds that I am competent to pay and he can make me pay, he will not foreclose the farm; he will make me pay. If I have the ability to pay and do pay, when I have paid I have my farm clear.

What is the position of Canada in respect to the national railways? The people of Canada, through the government, have mortgaged the national railways to the people who have advanced the moneys. Will those investors in Europe, the United States, Canada, foreclose and operate the road? No. What will they do? They will ask this question: Can Canada pay those mortgage bonds? I do not need to suggest the answer. Canada will pay those mortgage bonds through either the federal government or the provincial governments or both, and those bonds having been paid, the mortgage is paid and the railway belongs clear of encumbrances to the people of Canada. That is what the equity of redemption is worth in the Canadian National Railways, and it is of no small importance.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. KENNEDY (Winnipeg): When the house rose at six o'clock I was referring to the interpretation placed by certain hon. members of the house, as well as by certain sections of the press, upon the expression used by the Prime Minister when he referred to the interests of the Canadian people in the Canadian National Railways as an equity of redemption. I wish to recapitulate to the extent of stating that, in essence and in fact, the equity of redemption in the Canadian National Railways amounts to the Canadian National railway system free of all bonded debt—and I submit that is a very substantial interest. My reason for so stating is that behind the bonds of the Canadian National Railways in respect to borrowed moneys are the credit and the resources of the Canadian people. The Dominion of Canada cannot and will not default upon her bonded obligations, so far as moneys borrowed in connection with the Canadian National railway system is concerned.

Before leaving that subject I should like to make one further reference to some suggestions which have been made concerning repudiation of the bonded indebtedness of the Canadian National Railways, either as to principal or interest. Speaking on this subject

I believe the hon. member for Kenora-Rainy River (Mr. Heenan) made the suggestion that it might be desirable to cut down the rate of interest on this bonded indebtedness, or even to wipe out all interest commitments—and this, Mr. Speaker, from a member of the house who at one time occupied a position as a minister of the crown, from a man who must have sat in council when many of these obligations were incurred. I submit that such a suggestion cannot come with good grace from the hon. member. Expressions of that sort, contribute nothing to the solution of the present problem. Canada will not repudiate. To the extent that such suggestions receive credence in this or any other country, to that extent instead of assisting to solve the problem they add to the difficulties we are facing by impairing the credit of Canada in the eyes of the world.

I wish now to refer to another phase of the situation which I shall term the ghost of amalgamation. The possibility of amalgamation of the Canadian National Railways with the Canadian Pacific Railway has been suggested several times during this debate; but it was not first suggested here. I lived in the city of Winnipeg prior to the entry into that city of the Canadian National railway, and I can state that almost since that time there have been suggestions and rumours to the effect that fundamentally the Conservative party is friendly to the Canadian Pacific Railway and antagonistic to the Canadian National. Is that so? I ask for the proof. Has such propaganda been set on foot, and by whom? Not only has it been set on foot, but it has been persistently kept alive for one purpose, and one only, namely for political advantage. It has been the cry of the Liberal party, and has been kept alive by that party, its servants and agents and the press supporting it. That is not a figment of my imagination, but an actual fact. We who have to fight campaigns out in the west know at election times with what persistence the cry prevails, and we know the source from which it comes.

Some hon. MEMBERS: Oh, oh.

Mr. KENNEDY (Winnipeg): Hon. members may laugh, but they know I am stating facts.

Mr. BRADETTE: It is certainly laughable.

Mr. KENNEDY (Winnipeg): Not as laughable as the attitude of the hon. member. In 1930, when the present Prime Minister opened his campaign in the city of Winnipeg it was felt desirable that the propaganda to which I have referred should be given a definite and explicit denial. As hon. members know, that denial was given. On June 10, 1930, speaking in the city of Winnipeg and dealing with the question of the Canadian National Railways, the Prime Minister said, "No amalgamation." Perhaps it is too much to hope that in times of political warfare a definite statement given by such a public man who carries the respect, at least, of all Canadian citizens, would be a sufficient declaration. It has not been sufficient for those who still see in this ghost of amalgamation an instrument of political advantage.

A certain section of the press of the city of Winnipeg—I refer to it because with it I am more familiar—and of the press of other cities, has taken every opportunity to interpret any criticism of the management or operation of the Canadian National system as an attack upon that railway. But those criticisms have not been confined to the press. Despite the high plane upon which it was suggested this debate should be conducted, and despite the apparent unanimity of opinion that it should be so conducted, the same ghost of amalgamation was made to walk in this chamber. In fact it was taken for quite a ramble by the hon. member for Melville (Mr. Motherwell), and this afternoon, with a great deal of interest but very little conviction, I listened to remarks of a similar nature by the member for South Perth (Mr. Sanderson). I heard him profess this afternoon, as he professes in nearly all his speeches, that he wanted to be fair and that he wanted to approach the subject with an open mind. I have no further comment to make than this, that if perchance an idea free from political bias ever found even temporary lodgment in the brain of the hon. member for South Perth it would find an atmosphere so inhospitable that it would come out like a bat out of hell.

I wish now to refer to the amendment introduced by the right hon. leader of the opposition (Mr. Mackenzie King). That amendment was professedly intended to force a declaration that there is no sinister purpose behind the bill and that there was no intention to amalgamate the two railways. I ask this house: Was the right hon. leader of the opposition really concerned with that? In half apologetic terms he prefaced his remarks by a statement to the effect that while probably he should accept the declaration of the Minister of Railways and of the Prime Minister on the matter, yet to relieve fear and apprehension he had brought forward his amendment. I submit that in that action he was simply bringing up to date the old propaganda and giving new legs to the old ghost that the Conservatives intend to amalgamate

the Canadian National and the Canadian Pacific railways. I am here to-night to say, as I stated in Winnipeg at a considerable meeting of those definitely interested as employees of the Canadian National railway immediately before coming east to attend this session, that I had heard the Prime Minister declare in public against amalgamation, I had heard him so declare in private, and in caucus, and as far as I was concerned I was quite prepared to accept that declaration; but if they wanted a statement as to my stand on the matter, I was unalterably opposed to any proposal of amalgamation by this or any other government without a mandate from the people. That is my position.

What have we against this theory of amalgamation? We have the declaration of the Prime Minister in Winnipeg in June, 1930; we have the declaration of the Prime Minister in this house on the ninth of this month; we have the conviction of the rank and file not only of this party but of the party sitting opposite. It is not a question of the Conservative party being against the Canadian National Railways and the Liberal party for it, or vice versa. I submit the rank and file of all parties in this house are opposed to any proposition of amalgamation and would not tolerate it.

Mr. TOTZKE: Let us make sure of it.

Mr. KENNEDY (Winnipeg): The only possible amalgamation that can ever take place would be when the people of Canada themselves decide that it shall be.

I now want to refer for a moment to the compulsory provisions of the bill. Part II of the bill provides for voluntary cooperation, part III provides for what might be termed compulsory cooperation. In criticism of these provisions it has been suggested that the two terms are incompatible, that you must not have the idea of compulsion associated in any way with the idea of cooperation. I do not propose to argue that at length, but suggest this, that in all matters of cooperation there lies behind in some form or other, and intimately correlated, the idea of compulsion. The hon. member for Weyburn (Mr. Young) shakes his head. Let me suggest this; in the great cooperative movement for the marketing of wheat in the west, read the contracts and tell me whether the element of compulsion is absent. In the cooperation of citizens to enforce the laws, take for example in the old land the speakers in Hyde park, why do they so seldom transgress the law? Why do they cooperate with the authorities to observe the law? Because they know and realize that behind that voluntary cooperation there is force to see that the law is carried out. And while for academic purposes the opposition of compulsion to cooperation may be of some interest, it is only as a mental exercise.

Mr. SPEAKMAN: It is not sound there.

Mr. KENNEDY (Winnipeg): Whether it be sound there or not, to my mind it is purely an academic question and does not go to the root of the matter at all.

Now I come to the last division of the subject, that is this board of three trustees and the arbitral tribunal. It is true, as hon. members have pointed out, that the board of three trustees is vested with wide powers. I concede at once that to vest a board with such wide powers as are entrusted to this board is a matter of concern to the people of Canada and to this house, and to all who are interested in the success of the Canadian National Railways. As to the number, why three? It is open to argument; the number might be one or three or five, or seventeen as at present. But a royal commission spent considerable time investigating the whole subject, and they have recommended as best under the circumstances a board of three members. I do not suggest that because the Duff commission have recommended three, therefore it should be three. I do not suggest that they are in a much better position to decide than are members of this house. But after all, having made a thorough inquiry into the matter, having gathered such evidence as they could, the Duff commission have recommended three. And apparently that number appealed to the Minister of Railways, who was charged with the duty of introducing this bill into the house, and it appealed to the government. I have no quarrel with the number three. Had the government said five that would have been acceptable to me. But this principle I do think is sound, having regard to the purposes for which the board is being set up: that it should not be a large and unwieldy body. Seventeen is certainly too many. I would have no quarrel with five, but that does not mean that one should be opposed to three. The set-up of the board and the reason on which it is founded is financial, an executive setup—not geographic, not class representation. But with this I do agree, the principle of the statement which emanated from some hon. member opposite, that inasmuch as the Canadian National system is a publicly owned system operated for Canada and for Canadians, in the choice of that committee of three it is not a trivial matter but a matter of primary importance that the three who are

appointed to that tribunal shall believe in the principle of public ownership. As a private citizen you have a business the management of which you wish to delegate to someone; being interested in the success of that business, are you going to choose as manager or managing board a person or persons who believe in some other system than the one you believe in?

Mr. LAPOINTE: Hear, hear.

Mr. KENNEDY (Winnipeg): I do not say that they shall be fanatics in the matter of public ownership, but it should be a board not handicapped at the beginning by lack of faith in the principle of public ownership.

As to control by parliament and by the people over this board, it has been urged that parliament is entirely divesting itself of any control. I submit that that is not correct. We have, as has been pointed out, parliamentary control by virtue of the power of parliament to withhold the grant of money. We have also this, and it should not be regarded lightly, that the same power which creates that board under this bill has power to change it.

Mr. MACKENZIE (Vancouver): Only with the consent of the Senate.

Mr. KENNEDY (Winnipeg): Well, the two houses of parliament.

Mr. EULER: May I ask my hon. friend a question? He has stated that parliament has control over the expenditures of the board. Where does he find that in the bill?

Mr. KENNEDY (Winnipeg): They must submit their disbursements to parliament.

Mr. EULER: Not with regard to the operation of the railroad—only for deficits and capital expenditure.

Mr. KENNEDY (Winnipeg): Well, that is a very substantial amount.

Some hon. MEMBERS: Oh, oh.

Mr. KENNEDY (Winnipeg): During the past year it amounted to somewhat around $70,000,000 and from present indications it would appear that it might be as much or more next year, perhaps $80,000,000.

Mr. McPHEE: What control does that give us?

Mr. KENNEDY (Winnipeg): This control, that they cannot operate very well without money being voted. Let me repeat, Mr. Speaker, that parliament, which creates this board, can also legislate it out of existence. The hon. member for Hants-Kings (Mr. Ilsley) suggested that having appointed them for seven years parliament would not lightly disturb that arrangement. I agree that it should not do so lightly, but it must be remembered that if the board does not function as, in the opinion of parliament, it should function; if it does not work in the interests of the Canadian National Railways and of the Canadian people, I think no such consideration as a previous commitment by statute would or should stand in the way of further parliamentary enactments if such should be necessary.

I should like to conclude by referring to the rights of labour. It has been urged in this house that labour should have a representative on the board of trustees, and I may say frankly that so far as I am concerned I see no very sound argument against that being done. The employees of the railway are tremendously interested in the road and its success. Time will not permit me to enter into any detailed discussion of this question, but I wish to say here and now that I should be very happy indeed to see a representative of labour on that board.

Now Mr. Speaker, what are the chances of success? The success of the Canadian National Railways will depend upon sound management, and in my view the interests of labour will be served best if the railways can be made a financial success, thereby giving the employees both present and future assured employment instead of intermittent work. Success must be predicated upon the calibre of the board, upon their ability and their fairness in considering the rights both of labour and of capital. The success of the Canadian National Railways is predicated not only upon the material resources of this country but upon what might be called its spiritual resources as well; that is, the people themselves. We are a nation drawn from many peoples, with all that is best of all those races, and surely we can look with confidence upon that background. The Canadian people have an ancient pedigree which predicates success; in fact they have a veritable genius for success. To the Canadian people drawing upon such resources, success, while it may be delayed, cannot be permanently denied.

Hon. J. C. ELLIOTT (West Middlesex): Mr. Speaker, I know my hon. friend from Winnipeg South Centre (Mr. Kennedy) will not expect me to follow his remarks at any great length. I should like to say that I think the character of the debate has indicated that the Minister of Railways (Mr. Manion) believed, when he introduced this bill, that it was in the interests of the house and of the

country that this very important matter should be discussed in as non-partisan a manner as possible. I listened with interest to my hon. friend who has just sat down, and I may say to him that with many of his arguments I entirely agree. But, while adopting the very commendable attitude taken by hon. members on both sides of the house, I desire to say that his strongest argument was not his suggestion that the people of this country could feel sure there would be no amalgamation of the two roads because in his keynote speech the Prime Minister (Mr. Bennett) gave the pledge that amalgamation would not take place. That, I submit, was not the most cogent evidence that it would not happen.

I entirely agree, Mr. Speaker, with my hon. friend's remark that in all probability the interests of the bondholders will be properly looked after. I must say that I do not take much stock in the great solicitude that has been expressed in this house, particularly by the Prime Minister, for these bondholders. What is their position? They hold bonds to the extent of $1,300,000,000, and to some of us that seems a very large amount of money. No doubt it is, but the Prime Minister also stated that the people of Canada have $1,000,000,000 invested in this road, money they have actually paid out, but for which they do not hold bonds. For security the bondholders have not only the assets of the road but also the guarantees and the resources of the people of Canada, and I quite agree with the statement that bondholders could have no better security than the guarantees of the various provinces and of the dominion. So I think we need not lose any sleep over the possibility of the bondholders losing money. But was the argument of the Prime Minister as to the bondholders really being the owners of this road correct? Was his analogy between these bondholders and the investors in a company whose concern has gone into liquidation a proper one? Ordinarily the company which has gone into liquidation must realize its assets. A number of hon. members were on the committee to which I had the honour to belong a year ago considering amendments to the Bankruptcy Act. The evidence brought out there disclosed the startling fact that in the previous year the claims made against bankrupts in this country amounted to over $58,000,000, while the assets realized amounted to something like $14,000,000, of which amount less than $4,000,000 in actual cash reached the creditors. I think there is not much analogy between the creditors who received $4,000,000 out of $58,000,000 and the bondholders who will be paid every dollar owed them under those bonds.

Now, Mr. Speaker, I should like to refer for a moment to the statement made by my hon. friend with regard to the circulation of Liberal propaganda. I hope that if such statements have been made they are quite incorrect. But I do not agree with my hon. friend from Cartier (Mr. Jacobs), who spoke this afternoon, with regard to the wisdom of amalgamation. I do not think it is desirable. I must take an opposite attitude from that of my good friend but on exactly the same grounds.

What is the situation that has brought us into the position which the people of Canada find themselves in at the present time? I would mention a fact which I think is well known in this house, and it is this, that railway difficulties in Canada are by no means a new problem. There is not a member in this house who does not know that ever since confederation one of the great problems of the Canadian people has been the railway problem. That has been with us always, and I am glad to observe, listening to remarks made from all corners of the house since this debate began, that the members of this house are about as nearly in accord at the present time as they have ever been in the history of the country. And that should be so, because if there ever was a time when all parties in the house and in the country should endeavour to discuss problems with an eye single to the interests of the people of Canada as a whole this is the time.

Mr. POULIOT: It is impossible to discuss anything with the Prime Minister.

Mr. ELLIOTT: Well, he is not here at the moment—

Mr. POULIOT: He is never here; he should be here.

Some hon. MEMBERS: Order.

Mr. ELLIOTT: Throughout the time that these problems have presented difficulties to the Canadian people we have always had someone who was honest and sincere in being very pessimistic about the outlook of the Canadian railways; but looking back on what has occurred I think we can all be very thankful that throughout that period there was always someone with vision and faith enough in the future of the country to take an optimistic view. Mistakes have been made, it would be impossible in a matter of this kind that mistakes should not be made; but we must not forget that one of the greatest achievements in the history of the country is the increase which there has been

in the trade of Canada during the present century. I should like to give some figures, if the house will bear with me, which I submit are very important if we are to understand just why the trade of Canada became as great as it was and the prosperity of this country correspondingly great. I would refer to one branch of what I think is the greatest industry in Canada; that is, one department of one branch, the wheat growing industry, in order to show its effect on the railway problem and the effect of the railway problem on wheat-growing in the dominion. Let me put a few figures on Hansard to indicate how the railway development in this country has contributed to that great industry.

In 1901 we exported 9,000,000 bushels of wheat for which we received $6,000,000. Now, if my hon. friends will bear in mind these figures they will appreciate the extent to which wheat growing and agriculture generally have benefited in this country through railway construction. In 1911, we exported 45,000,000 bushels for which we received $45,000,000. In 1921, ten years later, we exported 129,000,000 bushels and received $310,000,000; in 1931 we exported 217,000,000 bushels for which we received $177,000,000; and in 1929, which was the largest year in our exports, we shipped out 370,000,000 bushels, for which we received $428,000,000. I will give one or two more figures before I leave that phase of the subject. In the ten years from 1901 to 1910, we exported an average of $27,000,000 a year; for the next decade $145,000,000 a year; and for the last decade, $297,000,000 a year.

These figures are, I submit, the best evidence that can be given to this house and the country with regard to the effect which railway development in Canada has had upon this branch of the great agricultural industry. In the twenty years, from 1911 to 1930 inclusive, we received for wheat exported from Canada $4,430,000,000. That is for wheat alone; and it has been due very largely to the creation of new wealth in agriculture that Canada has made such tremendous strides in the present century. To-day the best wheat and oats produced in the world are produced four hundred miles north of our southern boundary; they are produced in a region where twenty years ago it was supposed that wheat of any kind would not grow.

Recently wheat has been at its lowest price in several hundred years. The freight on low grades has been in some cases greater than the total amount received by the farmer. Out of what he received he had to pay interest, the cultivation of land, the seed, harvesting, threshing and hauling to the station. A large percentage of that wheat has been produced in western Canada, and if it had not been for the foresight and vision of the men who through good report and evil report had faith enough in this country to build lines of railway, perhaps beyond the requirements of the country, more than half of that great wheat production would not have taken place. Even in prosperous times wheat cannot be produced far from railways. Various causes, into which I will not enter to-night, have contributed to the low prices for agricultural products. As I say, I do not propose to discuss these at the present time, and I am free to admit that there is a limit to the amount of foodstuffs that can be consumed at any given time. The world to-day seems to have reached that limit. There is no doubt however that the time will come, and we hope quickly, when Canada will again be on the road to prosperity, when the demand for products of the Canadian farm, forest and mine will again be extensive outside of this country. When that time comes our railways will do a business comparable to that which they did in 1928, when my hon. friend the Minister of Justice took such great credit for the part his party had taken in the building up of the great organization known as the Canadian National railway system.

It is bad policy for any concern to determine its future by conditions as they exist either at a time of great depression or at a time of great prosperity. There is no doubt about it, we must economise; that is forced upon us. It is utter folly to talk of spending money which you have not got and which you cannot get. I think every hon. member is in agreement with that portion of the report of the commission which deals with the necessity at the present time for practising economies. However, I do not think that this is the time for the people of Canada to lose faith in their country and to begin to believe that parts of our great railroads should be scrapped or that other radical changes should take place simply because we are now suffering a depression in common with all the rest of the world.

I should like to direct the attention of the house to the fact that the position of the railways of this country is much better than the position of the country as a whole. If the railways are bankrupt then I would not like to say just what is the exact position of the whole country. I desire to give a few figures to show what the Canadian National and the Canadian Pacific have done in miles of tonnage and number of passengers carried during recent years. In this respect I find that the railways have done much better than most of the branches of the government. For the twelve months ended January 31,

1930, our domestic exports were $1,160,000,000, while for the year ending January 31, 1933, they were $487,000,000, just a little over a third of what they were three years previously. Our imports were reduced in about the same proportion. The customs duties for the year ending January 31, 1930, amounted to $205,000,000, while for last year they amounted to $84,000,000. In 1930 they were about two and one-half times what they were three years later. If we are going to come to the conclusion that the Canadian National Railways are doomed, I think these figures offer the best evidence that many other institutions, including the present government, are also doomed.

I should like to deal for a few minutes with the bill which has been submitted to the house, but first of all I wish to say a word with regard to the commission. I do not think any hon. member of this house can have one word of criticism as to the eminence of the gentlemen who composed this commission. They were very capable men, but I should like to point out, as has been pointed out perhaps better than I can do it by other hon. members who have spoken already, that we have in this house the Prime Minister (Mr. Bennett), the right hon. leader of the opposition (Mr. Mackenzie King), the Minister of Railways (Mr. Manion), and many hon. gentlemen who have sat year in and year out on the railway committee, all of whom are very familiar with railway matters. Perhaps I should refer particularly to my hon. friend and former colleague, the hon. member for North Waterloo (Mr. Euler). It must be known to every hon. member that the members of this railway committee carried out their work most diligently. Perhaps I can say this more freely because I have never been a member of that committee, although I have attended many of its sittings. I believe that these gentlemen who have been watching the railway affairs of this country, either as representatives in this house or as business men in one part of the country or another, are in a much better position to decide what is in the interests of the great masses of the Canadian people—after all that is what we are concerned with at the present time—than any commission coming from other parts of the world and looking into this question for a few months.

In connection with the recommendations of this commission, I should like to refer first of all to the appointment of the trustees, and I direct the attention of the Minister of Railways to the section dealing with this appointment. Under the provisions of section 4 of the bill the present board of directors is to be replaced by a board of three trustees which shall exercise the direction and control of the national railway and its undertakings. The thing that strikes me as remarkable is that in the appointment of the first three trustees, the Prime Minister, the Minister of Railways and the other members of the government seem to have faith in their ability to select good men. They do not have to ask anyone whom they shall appoint. They have the whole world from which to select anyone they like for the first board of trustees. But then they seem to lose confidence in themselves. While they are perfectly willing to appoint this board without advice from or consultation with anybody, without referring to any panel of nominations, when a vacancy occurs that same governor in council which was able to appoint the first three without any advice is not permitted to fill the vacancy except from a panel named by somebody else. Why is that? Why should they lose their confidence all at once? Has the Prime Minister recently developed an inferiority complex with regard to himself which we have never been able to detect up to the present? Or has he developed an inferiority complex with regard to his Minister of Railways, that makes him feel it is not safe to entrust to the Minister of Railways even with the advice of the rest of the cabinet, the filling of a vacancy? The Minister of Railways cannot fill any vacancy. He has exhausted himself, if I may say so, when he has appointed the first three. He cannot fill the vacancy without going and asking somebody else. I ask: Is that a sensible arrangement to put into any bill? What is the reason?

Mr. BEAUBIEN: Because he will not be in office when the next one is appointed.

Mr. ELLIOTT: Of course, life is uncertain, and particularly political life. It seems to me that there must be some explanation which has not been given up to the present time as to why this bill should contain the remarkable provision to which I have referred. I do not intend to go out of my way to say that this is the best government we have ever had or anything like that, because I do not believe it, but I want to say to the Prime Minister, the Minister of Railways and the members of the government that I would much prefer to see the people of this country who are interested in this railway, and all the people are, in the hands of a board of trustees appointed by a government responsible to the people of Canada than in the hands of a board not responsible to the people of Canada.

Mr. MANION: The government makes the appointments. It is only the panel that is submitted to the government on the recommendation of the royal commission.

Mr. ELLIOTT: I quite understand that; I see that the Minister of Railways understands that also, but what I do not understand and I do not think he understands is how, since he can appoint three in the first place, he is too weak to appoint even another one without consulting someone else.

Mr. MANION: Because the royal commission recommended otherwise.

Mr. ELLIOTT: That is another reason why we should take the judgment of the elected representatives of the Canadian people in this house and the government responsible to those elected representatives rather than the judgment of a commission which makes such a foolish recommendation as that.

Another matter in this bill to which I should like to refer is the power of the trustees. When I heard of three trustees being appointed by the Minister of Railways I expected that those three trustees who were to replace the whole board of directors of the national railways would be big men; that he would not hamstring or hamper or trammel them in any way, and that they would be men equal in status, redblooded men of the kind I would expect the minister to appoint. But what does he do? He appoints one man with the full status of a man, but the other two—I do not know exactly what you would call them. They seem to be a kind of sterilized trustee.

Mr. MANION: My hon. friend's government, when they were in power, appointed fifteen of exactly the same kind.

Mr. ELLIOTT: Is the Minister of Railways really following me? I think not. He is not as bright as he usually is, because he knows, just as well as he knows he is sitting in that seat, the difference between the powers he has given his chairman and those he has given to the other two men who will sit alongside the chairman. There is no doubt they can put nothing into effect unless the chairman is in favour of it. Will the minister say that the other fifteen of the old board of directors had a similar handicap in regard to their chairman to that under which those two are placed? He knows quite well that is not the case.

Mr. MANION: Does my hon. friend want an answer?

Mr. ELLIOTT: If the minister wishes to give an answer, I shall be glad to hear it.

Mr. MANION: My hon. friend's government appointed fifteen who had not any control whatever. Sir Henry Thornton had the whole control.

Mr. ELLIOTT: I like to have the minister tell us what is in his mind, because it helps us in a discussion of this kind.

Mr. HANBURY: Not a bit.

Mr. ELLIOTT: Oh, yes, it does. When he speaks about Sir Henry Thornton having the whole control, I want to say to my hon. friend that during the time the former government was in power he was one of the most active men in the house in holding up his white hands in holy horror if it were suggested by anybody that anyone was doing anything to control or embarrass Sir Henry Thornton.

Mr. MANION: I should like my hon. friend to give some proof of that.

Mr. ELLIOTT: It was so evident, no proof was needed. Some things are self-evident and that was always the case. If there is one thing more than another that members on the opposite side give as a sort of justification for this bill, it is the fact that they do not think enough control was kept over Sir Henry Thornton during the time that he was in control of the national railways.

Mr. MANION: Hear, hear.

Mr. ELLIOTT: I want to say to the minister and to the house that it will be fortunate for the people of Canada if these railways do as well with this board of one man and two half men. One man has full powers and the two other men have their legs and their hands tied so that they cannot exercise the functions of real trustees on that board. Does the minister think he will get from men in that position real service? They can do nothing until they find out that what they propose to do meets with the approval of their chairman. So much for the way in which he has appointed these men and the manner in which he has taken away from them the strength which they ought to have and which they need in a job of this kind. If I may make a suggestion to the minister—and I know he will appreciate any proposal of mine—I would suggest that the three trustees should be full time men. They should be the very best men that can be got and they should be, like the Canadian people are with those of the other members of the British commonwealth of nations, equal in status, no one inferior to any of the others.

Let me deal next with the powers of these trustees. The crucial times which we are

now experiencing, will, I hope, pass away before long; we trust the change will come sooner than now seems possible, but we should do nothing at this time to hamper and trammel us in again carrying on when times get better. What is it that these trustees may do? Under section 16 they may make leases, arrangements for joint traffic and so forth, and the tribunal that is appointed, and regarding which I want to say a word before I go further, consists of the chairman of the Board of Railway Commissioners and a representative from each of the companies, so that practically we have the chairman of the Board of Railway Commissioners as the functioning power in that tribunal. At the present time that board functions in regard to nearly all matters delegated to it under the Railway Act. If my memory serves me rightly, you could not, without a hearing before the Board of Railway Commissioners, settle the question of whether you were going to have gates at a particular railway crossing or any other minor question. That board has acquired a certain reputation. Since the first members of it were appointed, we have, I believe, had good men on it. It acquired the confidence of the Canadian people very early in its history. At the present time, in view of the training many who are sitting on that board have had, it is most unwise, instead of giving to the board the most important duties that can be performed, to set up this tribunal of which the chairman is the chairman of the Board of Railway Commissioners. What happened? Assume a matter comes before the Board of Railway Commissioners and by a majority they decide in a certain way, for instance, against the wishes of the chairman of that board. Then the matter comes before the tribunal. The chairman of the Board of Railway Commissioners is the chairman of the tribunal and he can override the decision to which the whole Board of Railway Commissioners have come previously. In other words you put an appeal from the whole board to the chairman of the board. That is not good business and it does not seem to me as being at all likely to produce good results.

I want to deal just for a moment with something that, I think, is of great importance to the Canadian people. There has been much discussion about the powers of the tribunal. We find in the bill that the power and jurisdiction of the tribunal includes, among other things, disputes as to the joint use of terminals, running rights and joint use of tracks, and the abandonment of lines, services or facilities. Hon. members know that many farms have changed hands since the period of railway construction in Canada. Those who have had to purchase farms have paid higher prices for them because they were close to railway tracks and stations. We will assume, for the sake of argument, that occasionally two parallel lines will decide to run their trains over the same tracks, and to tear up the other line. In such circumstances I say the people who constitute the tribunal to make the decision whether or not that should be done should be the elected representatives in parliament, or the government who would have to report to parliament. They are in a much better position than any tribunal or board of trustees to know the difficulties people would experience by a change in railway accommodation.

There is another matter to which reference was made by the hon. member for North Waterloo (Mr. Euler) and again to-night by the hon. member for Winnipeg South Centre (Mr. Kennedy). If I heard the Prime Minister correctly the other day, and have read correctly the report of his speech as it appears in Hansard, it is his view that parliament has complete control over taxes and expenditures. I submit that the bill before us states otherwise. In section 12 we find the following words:

> The annual budget of national railways shall be under the control of the trustees. Amounts required for income deficits, for interest on obligations outstanding in the hands of the public, for capital expenditures and for refunding or retirement of maturing securities shall be submitted by the trustees to the Minister of Finance for the consideration of the governor in council prior to presentation to parliament.

So that so far as expenditures made by the trustees are concerned, apart from those necessitated through income deficits, and the other matters mentioned in the latter part of section 12, the trustees can spend without consulting parliament or directing the governor in council to submit estimates to parliament. In that connection we are getting back to the principle of taking away from parliament the control it should have over moneys expended and, after all, I believe that that is the most objectionable feature of the bill. I object to the principle of appointing a board of trustees for a period of seven years, as is provided in section 7 of the bill. Why should they be appointed for that term? If the people of Canada will derive any benefit by the change in management of the Canadian National Railways made recently, would the people not be at a distinct disadvantage, if, during the whole life of this parliament, they were unable to make any

change in the authorities controlling the destiny of the railways?

After all, the government has to take the responsibility; it should have the power and should exercise it in the way it deems best. I say the provision for a seven year term is an attempt to create a sort of perpetual succession in trustees by taking the matter out of the hands of the government and placing it in the hands of two trustees, the chairman of the board of railway commissioners and the president of the exchequer court. It is wrong in principle. The fundamental principle of control by the elected representatives of the people over the expenditure of public moneys is one of the most important rights the people of any free country enjoy. This bill strikes at the very roots of that principle. This disregard of the rights of the people constitutes one of the worst features of the bill. I regret exceedingly that hon. members, the Prime Minister and the government did not make it perfectly clear that as far as they were concerned they were willing that any future government when it assumed office should have the right of control over the trustees, or whatever body was in charge of the Canadian National railways. Because, after all, the people who must take the responsibility should not come in with their hands tied.

Mr. ANGUS MacINNIS (Vancouver South): Mr. Speaker, I almost feel like apologizing for taking up the time of the house in speaking on this bill. I feel like apologizing not because I do not think the bill itself and the subject with which it deals is important, but because, in my view, in remedying any of the difficulties with which Canada is faced it will be quite ineffective. What we need is not a specific measure to deal with a specific difficulty, but a general program to deal with the whole situation. The chief fault I find with the bill, although it has many, is that in attempting to solve one problem it intensifies at least one other. It is a hopeful sign, however, when the protagonists of competition are at last compelled to see the wastefulness and folly of it. Possibly, although in a back handed way, the bill now before us represents an attempt to put into effect the last clause in the resolution we were discussing some weeks ago. The problem confronting Canada to-day is not a railway or a transportation problem; it is not an agricultural problem; it is not an unemployment or industrial problem or even a financial or monetary problem. It is a combination of all of these. Yet no attempt is being made to solve any of them, with the exception of the railway situation. And, so far as I can see, that attempt is made to protect the interests of the bondholders and shareholders of the Canadian Pacific Railway and the debenture holders of the Canadian National Railways. If I do not say anything further to-night in the interest of those bondholders, I hope the house will excuse me, because I have no doubt there will be plenty of others who will take up the cudgels on their behalf.

I was much interested in the remarks of the hon. member for Cartier (Mr. Jacobs) to whom I listened with much pleasure. I am bound to say, however, that while I felt the voice was the voice of Jacob, the hand was that of the Canadian Pacific. To-day we are confronted with a general breakdown which cannot be rectified by the enactment of piecemeal legislation such as that now before us. The purpose of the bill is to facilitate co-operation between the two railway systems, to the end that the cost of services may be reduced. Now the cost of services as far as railways are concerned—and the same I believe is true of almost every industry—can be reduced in one of two ways; either by reduction of interest charges, which I understand in this case is said to be impossible, partly I think because there is not the will; or by reducing the amount of labour time that goes into the service given. This latter can be accomplished only in three or four ways as far as those engaged in the industry are concerned. It can be accomplished by reduction of wages; it can be accomplished by the intensifying of the labour time; it can be accomplished—and of course these two would work together—by the displacement of labour. But in whatever way it is accomplished it will add to the problem that is confronting the country at the present time, the problem of unemployment and the shortage of purchasing power. The railways, without this bill, have been trying to carry this out for the last two or three years. I find from the figures of the Dominion Bureau of Statistics for November, 1932, that the gross revenue of Canadian railways was $24,276,278 as compared with $31,424,404 in November, 1931. This is a decrease of over $7,000,000. Freight traffic was lighter than in November, 1931, by 22.3 per cent and passenger traffic declined by 2.3 per cent. The reduction in the payroll was over $3,000,000, and the reduction in the number of employees was 21,377. Yet despite this reduction the difference between the net operating revenue of November, 1931, and November, 1932, was almost $5,000,000. So that if we have further cooperation as a result of this bill I do not think the results will

be materially different from those resulting from the cooperation carried out during the past two years.

The government in promoting this bill, the purpose of which is said to be to lighten the load on the taxpayers, puts me in mind of the Irishman who had to travel from one village to another on horseback with a sack of potatoes. He was touched with pity for the poor horse and did not like to carry the sack in front of him on the saddle, so in order to lighten the load on the horse he put the sack on his own shoulders. I would like to point out to the government that it does not make any difference whether they have to keep the unemployed in idleness or pay for their keep in the deficits of the Canadian National Railways; they have to look after them in any case.

I believe several speakers have pointed out that supposedly the original purpose of railways in this country was to promote the development of the country and increase production. The farmers used to clamour for railways in order that they could get their produce to market. I think they would be just as well off if they did not have the railways now, because their product is not of much value to them when they do get it to market. It would seem, however, from this bill and from speeches made in its support, that the only reason for the existence of railways in the dominion at present is to pay the interest on the capital invested. It is strange, and comforting to me at least, to see how many of our statements are confirmed by statements made by others in the house since the introduction of this bill. The Prime Minister informs us that the people of Canada do not own the Canadian National Railways, and we were already aware that the people of Canada do not own the Canadian Pacific Railway. As the rest of our natural resources and wealth is held and controlled in the same manner as our railways, it is a logical conclusion, one at which we arrived many years ago, that the people do not own the country, that the country belongs to the bond and debenture and mortgage holders, most of whom I believe do not live in Canada at all. I think it is a most desirable thing to know that, because when the next war comes and from what we can gather there is one in the offing now—and when they ask the people of this country to go to fight for their "king and country," they will have so very few people to conscript or get in touch with that it will materially facilitate recruiting. All they will have to do will be to call upon the bond and debenture and mortgage holders of our railways and other national wealth, and they will have the people who own the country and the only people who should be asked to fight for it.

We have also for years been saying that competition is wasteful. The government, while most vehemently denying our charge, now bring in this bill to make cooperation compulsory. Who will deny that we are making progress?

With regard to the remarks of the hon. member for East Algoma (Mr. Nicholson), who spoke on this bill the other day, I was interested in placing his speech on that occasion alongside of the one he made on the cooperative commonwealth resolution, wherein he berated us for advocating a dictatorship—which of course we did not. If I understand him aright, his own objection to the bill is that it does not go far enough in the matter of dictatorship. I do, however, find myself in general agreement with the hon. member on some points he made. I find myself in agreement with him in regard to the railway employees. One of the worst features of the bill, as I have pointed out, is that it seems only to have in mind the interest of the bondholders. It is difficult to see how it can be otherwise, as the bill is based on the report of the Duff commission, and the government, with its usual high regard for the interests of labour, saw to it that there was no labour representative on that commission. However, one of the royal commissioners was taken from the United States, Mr. L. F. Loree, president of the Delaware and Hudson railway. Mr. Loree had a quick and easy way of "putting the boat on an even keel," as he called it. I will quote some evidence taken before the commission. While Mr. S. J. Hungerford was testifying, Mr. Loree asked him:

> Who is it that is rocking the boat? Is it labour, or what is it? Take my own company: we will have earned this year above our fixed charges about $100,000; if we had the wage scale of 1913, we could declare a 20 per cent dividend.

It did not matter to Mr. Loree whether the wage scale of 1913 was a just or fair wage scale or not; all that mattered to him was that instead of making 20 per cent they were this year making a profit of only $100,000.

Mr. HANBURY: And there was an increase in freight rates during that period.

Mr. MacINNIS: No doubt. Mr. Loree belongs to that class of people, which I hope is dwindling, who believe the only function of the working class is to produce dividends for shareholders and debenture holders. It never seems to occur to these people that engineers, conductors, trainmen, trackmen and all those

others who make a railway possible are just as important to the railway as the president, and that their wages and working conditions should be as little the concern of the public as the salary and working conditions of the president. To quote further:

Mr. Hungerford: Well, the wage scale of the Canadian National, Mr. Loree, is just about the wage scale of all other American railways; they are almost exactly equal.

Commissioner Loree: That balloon has been blown up to such an extent that it is liable to burst at any time.

Mr. Hungerford: Quite so. We have been apparently successful in effecting some reductions anyway.

Commissioner Loree: That is a grain of sand on the beach. If you could go back to the 1913 payroll, you would save about $94,000,000, so you would just about put your boat on an even keel.

Mr. HEAPS: He would not pay wages at all.

Mr. MacINNIS: Unfortunately even railway employees have to eat, and consequently railway owners must pay them wages. Perhaps some day we will evolve a man who will not eat; he will be the ideal employee. Then Commissioner Loree goes on:

There is a great deal of complaint about maldistribution of wealth. I wonder sometimes there is not more complaint about the maldistribution of tenor voices. We have not had any since Caruso stopped singing. When railroading started in England one hundred years ago—

He does not want to go back to 1913; he wants to go back a hundred years.

—a locomotive engineer received $5.25 a week. He had an average daily run of ninety miles between terminals; he worked about twelve hours a day, he took care of his engine, he was a mechanic in the shop when he was not running his engine on the road. The Bank of England discount rate was four per cent.

I believe that in the United States, from which Mr. Loree comes, they had about twelve million unemployed at the time this evidence was given. If they went back to the conditions of a hundred years ago and had railway men working twelve hours a day and caring for their own engines, with the same conditions prevailing in other lines of work, possibly they would have twenty-five million or fifty million unemployed in the United States, and their desire to always have the biggest thing in the world would be well satisfied. Mr. Loree goes on:

To-day our better railroad men get a little over $300 a month; they work eight hours a day. They are waited on as though they were gentlemen of the court.

I wonder why an engineer should not be waited on as though he were a gentleman of the court. In my humble opinion he is a little more useful, but of course there may be a difference of view there.

They bring their engine to the cinder pit and the hostler takes it off their hands, puts in sand and water, draws the fire and does all the rest of the work! The locomotive is inspected for them at the roundhouse; they are just riders; they get thirteen times as much wages as the locomotive engineer did a hundred years ago.

That is the type of prehistoric mind we had to import from a foreign country in order to put our railways on a proper basis.

The hon. member for Stanstead (Mr. Hackett) also took a rap at the wages of railway employees when he spoke on March 7. He said that if they were called out for a few hours under certain circumstances it was called a day's work, and that if they went a few miles on certain runs it also counted as a day's work. I understand that the hon. member for Stanstead is a lawyer and, if my information is correct, a corporation lawyer; as a matter of fact I believe he is a railway lawyer. I suppose he belongs to the lawyers' union: I understand they have very definite trades union rules, and I am told they even have a closed shop. I believe one of their rules is that before they take a case or do any work at all they must have a retainer, so I do not see why the hon. gentleman should object to a man doing other work getting paid when that work is done. If I understand railway conditions correctly, and I believe I do, these employees who get paid for working a few hours or for taking a short run must be on duty twenty-four hours a day, for they never know when they are going to be called out. Consequently their time is not their own, and all the time they are at the call of the company though not actually working on the job.

The hon. member for Stanstead stated that we "must scrutinize more closely the conditions of labour as well as the pay of the vast army of railway employees." I would suggest that if such scrutiny is to be made the idea should be to improve rather than lower the standard of living. Perhaps a low standard was necessary at one time, while the necessary capital was being created, but that work is now finished and if we are to make use of that capital the standard of living of the masses of the people not only must not be reduced but must be very materially raised. I have some statistics here with regard to the wages of employees on Canadian railways for 1931. The total number of railway employees then was 154,569, and of these 13,833 received less than $900 per year, or $75 per month. There were 34 who received from

$900 to $1,000; 51,696 who received over $1,000 and less than $1,250, and 44,235 who received over $1,250 and less than $1,500. So it will be seen that the great majority of railway employees received less than $1,500 a year.

Mr. YOUNG: What was the average wage?

Mr. MacINNIS: I think the average wage would come to $125 a month. I will give the rating for the others. Here are the figures: 6,961 received over $1,500 and under $1,750; 16,294 received over $1,750 and under $2,000; 6,507 received over $2,000 and under $2,250; 4,968 received over $2,250 and under $2,500; 2,821 received over $2,500 and under $2,750; 3,398 received over $2,750 and under $3,000; and only 3,591 received over $3,000 a year. This includes officers as well as the others.

Mr. MANION: Where does my hon. friend get such figures? They are all wrong, the last figures.

Mr. MacINNIS: These figures were worked out from data supplied from the Bureau of Statistics by L. F. Keller, statistician of the Brotherhood of Maintenance of Way Employees, and if they are wrong they can be very easily checked up. Now, while the total payrolls decreased on the Canadian National in 1931 by 7.44 per cent and on the Canadian Pacific during the same year by 9.70, the officers' payroll increased by 6.39 per cent on the Canadian National and 2.58 per cent on the Canadian Pacific. These figures I believe are sufficient to show that if there is extravagance in the management of the railways of this country it is certainly not in the wages paid the employees of the roads.

In my opinion it is absolutely necessary that the working class in this country as well as the workers engaged on the railways should have a voice in the direction of the enterprise, and there is no provision in that regard in this bill. The Minister of Railways (Mr. Manion), in closing his speech on the introduction of this bill last Tuesday, prophesied the return of good times in this dominion, and the ex-Minister of Trade and Commerce (Mr. Malcolm) tells us that this legislation should not be predicated on the assumption that troubled times are going to continue, but should be predicated upon faith in the country. It seems to me that as legislators we should not legislate on either faith or hope; we should not base our enactments on hope of good times returning but on an understanding of the questions that confront us. That understanding is not based on faith or hope, and only on such an understanding can we be assured that the present conditions or worse will not be with us for some time to come.

If we take into consideration the development that has taken place since the railway era began, we can see very readily how it is that we have come to the present pass. Successful railway operation, it does not matter where you take it, does not date further back than 1831; so far as the United States is concerned, it dates from 1840 and in Canada from 1851. In 1815 the population of the United States was only a little over eight million people, and our population at that time was between one and two millions. We had no railways at all. In that short period of a little over one hundred years we have seen throughout the world the construction of some 600,000 miles of steam railways. The population of the United States has increased from eight to one hundred and twenty-five millions. We have built in this dominion alone about 42,000 miles of railway and in the United States they have built about 260,000 miles. This railway construction resulted in prosperity so long as building was in progress and capital was being invested. Now, however, that capital investment is complete and there are no more North American continents to be developed, no more Dominions of Canada. There is an industrial equipment on this continent sufficient to meet the needs of the 135,000,000 million people in Canada and the United States, and indeed twice that number at least.

In face of such conditions, on what do we base our hope for a return of prosperity? Prosperity, as I see it at the moment, will come when we legislate definitely to bring it about; that is to say, when we set about making the fruits of our mechanical equipment and technical understanding of the means of production available to the mass of the people. But there is nothing in this bill that will accomplish that. As a matter of fact, every effort is in the direction of effecting economies: in other words, more and more people will be forced out of employment. The Prime Minister made this statement:

> I will admit it is drastic but modern surgery says that if you will cure, the operation must be radical where the evil is deep seated. This is a surgical operation and it must be a radical operation.

I believe that the best medical opinion to-day is coming to realize that these pathological conditions that require operations grow out of habits of life, and if the habits of life are not changed the beneficial effects of an

operation will be of very short duration, and then something worse may happen the patient. I will go further than that and say that this is not an impairment of one organ in an otherwise healthy organism; it is in fact disintegration setting in because of senile decay, and there is no operation that will remedy that condition. The only thing that will meet such a condition is a rebirth and there is nothing in this bill that would show that there are any changes at all contemplated except a continuance of the economies of the past.

I am opposed to this bill because it is another palliative that does not palliate. I am opposed to it because it is undemocratic in its operation. As I said in the beginning, in trying to effect a cure for one difficulty or one part, the bill increases and intensifies that difficulty in another.

Hon. J. L. RALSTON (Shelburne-Yarmouth): Mr. Speaker, I should like to take a few minutes of the time of the house to deal with at least two or the references made by the right hon. the Prime Minister (Mr. Bennett) in the address he delivered the other evening. In dealing with the railway history of this country the Prime Minister made some references which were characteristic of himself in addressing the house. He gave the appearance of candour, and he can be candid with regard to facts when he chooses, but at the same time he did not state all the facts, contenting himself more or less with insinuations and leaving an impression rather than making a positive statement as to something which might be detrimental to the party on this side. I refer particularly to two statements which the right hon. gentleman made, the first with regard to the three transcontinental railway systems and the second with regard to the amalgamation of the present Canadian National system. It is necessary for me to go back into history but I think the time has come in this debate when the facts should be put on record. I shall try to be as concise as possible and endeavour to state the facts as fully as necessary for the purpose.

In the first place, my right hon. friend found it almost impossible to dream of intelligent men being in such a condition of mind that they could contemplate three transcontinental railways. Of course, he referred to the fact that in 1904 the National Transcontinental and the Grand Trunk Pacific were constructed under the then Laurier government, and also to the fact that the Canadian Northern had been completed through to the Pacific coast. Let me remind him, as he has already been reminded by the hon. member for Antigonish-Guysborough (Mr. Duff), that the 1904 episode in the railway history of this country is one which has pretty well run over the dam. Two elections were subsequently fought upon that issue. The people of Canada returned Sir Wilfrid Laurier to power not only after he had announced his policy but after the National Transcontinental and the Grand Trunk Pacific had been practically completed. Not only that, but in 1904, the Right Hon. R. L. Borden, leading the Conservative party at that time, spoke in the House of Commons and moved an amendment which proposed a second transcontinental railway. It is quite true that that proposal was different from the one made by the Laurier administration, nevertheless it was just as clearly a project for a second transcontinental line. I have the resolution under my hand, which reads:

> The house is of the opinion that instead of ratifying the proposed agreements it would be more in the public interest that the dominion should assume the whole obligation necessary for extending across the continent the present government system of railways thereby completing a transcontinental railway from the Atlantic to the Pacific entirely owned by and under the control of people of Canada.

That was after the Canadian Pacific had already been constructed; it was to be a second transcontinental. Yet my right hon. friend finds it extremely difficult to understand how any intelligent man could have dreamed, he suggested, even of a second transcontinental line.

The completion of the Canadian Northern railway made the third transcontinental line. Nobody knows more about the history of this railway than my right hon. friend. We all know that Mackenzie and Mann had commenced the Canadian Northern as a local undertaking in Manitoba, that they had extended the line through the west, that the government of Manitoba had assisted them to some extent, that application was made to the then Liberal government for a $35,000,000 guarantee in order to connect the commercial and industrial centres in the east with the system which existed in the prairie provinces, that that guarantee was given, but that at the same time—I ask hon. gentlemen to note this—a request was made of the Liberal government of that day that assistance be given to extend the Canadian Northern to the Pacific ocean, which request was refused. As the Hon. Frank Oliver said in the house, a great many people were convinced that it would be a good idea to have a third transcontinental railway but did not regard it as a necessity at that

time. The assistance was not granted, and it remained for the Conservative government which came into power in 1912 to make a grant of $6,000,000 towards the extension of the Canadian Northern railway through the Yellowhead pass to Vancouver. It remained also for the Conservative government in 1914 to guarantee $45,000,000 for the express purpose of completing a third transcontinental railway. Yet my right hon. friend wonders how intelligent people could dream of such a thing as a third transcontinental railway. That money was voted by a government which my right hon. friend supported, at a time in the history of the House of Commons with which he is extremely familiar. That was the situation with regard to the three transcontinental railways. Sir Robert Borden moved the introduction of the bill for the purpose of completing the third transcontinental, about which no intelligent man would dream. After referring to the Canadian Northern lines in connection with which it was proposed to vote $45,000,000, he is quoted on page 3660 of Hansard of 1914 as follows:

These lines however, are to-day less profitable than they otherwise would be until the system is extended, on the one hand to the Pacific coast, and on the other hand to Quebec and Montreal, so as to be in touch with the great traffic which has already developed, and which will develop in still greater measure, in the future, upon the Pacific ocean, and to bring the road into touch with the great railway systems of Ontario and Quebec, and particularly the system of government railways, and the Canadian Pacific railway system, so far as it is situated within Quebec and the maritime provinces.

I say to my right hon. friend that evidently there were quite a number of gentlemen besides Sir Wilfrid Laurier, whose friends at least would claim were intelligent, who were strongly in favour of a third transcontinental. Yet my right hon. friend in the midst of what was supposed to be a candid and serious speech went out of his way to refer in a deprecating way to the memory and work of Sir Wilfrid Laurier with regard to this third transcontinental railway.

Now as to the amalgamation of the railways into the Canadian National system. As a deadly parallel I want to put on Hansard just a word or two in connection with what was said by my right hon. friend with regard to the amalgamation of the system of railways now known as the Canadian National railway system. To leave the impression that the Liberal government were wholly responsible for this combination of roads and for the country undertaking public ownership in connection with the different units which make up the present Canadian National Railways, my right hon. friend is reported on page 2854 of Hansard as follows:

As I have said, Mr. Speaker, I shall not do more than indicate that these bankrupt enterprises were united into one system. When the decision of the privy council was finally given —and at that time the party of my right hon. friend was in power—an order in council was passed that brought all these systems under one control. They are known now as the Canadian National Railways. As I have said, they comprise the old systems, to which I have alluded, together with the new roads built by the people of Canada, the National Transcontinental, the old Intercolonial railway, as well as the Grand Trunk Pacific, the Grand Trunk system, and the Canadian Northern.

My right hon. friend said in effect: We did not do it, it was our friends on the other side who were in power when the decision of the privy council was given, they were the ones who passed the order in council. There was no attempt made in that speech to take any responsibility or credit for the unification of these roads. Let me now quote from a speech which the right hon. gentleman made in the House of Commons on June 8, 1928. He was referring to the consolidation of the roads and he stated that although the Liberal party had been in power, it was not the Liberal party that had brought it about. These are his words:

The consolidation of these roads took place first under the Union government and later under the Conservative administration. The consolidation could not be carried into effect until the judgment of the privy council was delivered, and that judgment was not delivered until after the Conservative administration had been defeated. But the consolidation as such, the framework, the skeleton and the statutes were prepared before the present government took office.

What a difference! None of that was said the other night, because at this time it is not in such good form or fashion to boast of having been such good friends of the Canadian National; at least that is the attitude of our hon. friends opposite. Let me finish the quotation:

We have now spent more than $100,000,000 upon that undertaking.

Note this.

These railroads were not roads that could compete with the Canadian Pacific system, and so we had to spend hundreds of millions of dollars upon the system to make it efficient and effective.

That was said at the same time in 1928.

What is the history of the amalgamation of those two roads? I know there are many complicated facts, but we can summarize them. The Drayton-Acworth report was

brought down in 1917 recommending that the government take over the roads, particularly the Canadian Northern. The Canadian Northern got into difficulties. The government purchased the stock and under arbitration paid $10,800,000 for stock that is said not to have been worth a cent. It paid for the stock and it had to assume the bonds as well. What did the government do? Do my hon. friends from the maritimes remember what it did? It established Mr. D. B. Hanna, chairman of the Canadian Northern board, as director of the Canadian Northern Railway, and at the same time it put the Canadian Government Railways under Mr. Hanna as well and moved the headquarters of the Canadian Government Railways with the Canadian Northern Railway to Toronto. That was in 1917. We went along for a while with Mr. Hanna running from Toronto the Canadian Northern and also the Canadian Government Railways. Then the situation arose that the Grand Trunk fell down on their guarantees in connection with the Grand Trunk Pacific. The result was that the Grand Trunk Pacific went into receivership and the Minister of Railways was appointed receiver. In order to give Mr. Hanna a little more to do, the minister made him and his board act for the minister as receiver of the Grand Trunk Pacific. So we had Mr. Hanna and his board operating the Canadian Government Railways consisting of the Intercolonial railway and the National Transcontinental railway, the Canadian Northern and the Grand Trunk Pacific. The Grand Trunk still was left out.

In 1918 and 1919 negotiations went on with the Grand Trunk; there were agreements, arbitrations and lawsuits, but finally in 1920, I think, an arrangement was completed whereby the Grand Trunk stock was acquired by the government and, as everybody knows, that stock was acquired under an arrangement whereby it would be valued at arbitration. The arbitrators finally met and with the late Chief Justice Taft dissenting, found that the stock had no value whatever. The Grand Trunk directors were still allowed to direct. In 1921, I think it was, a Canadian board was appointed by the Grand Trunk and then we had Mr. Hanna running the majority of the roads of which I have spoken and the Canadian Grand Trunk board under Sir Joseph Flavelle running the Grand Trunk Railway. In order that there might be co-ordination—and this is the first instance we have had of an arbitral tribunal—we find a committee of management appointed of which Mr. Kelley of the Grand Trunk was chairman. That committee operated for a year or more trying, if possible, to coordinate the operations of those two railways. As a matter of fact the coordination was not particularly successful. It is referred to in one of the minister's reports near the end of his regime and if I have time, I shall put it on record. The Hon. J. D. Reid was, I think, minister at the time and he makes this report:

> The system of joint management was stated by the minister to be embarrassing, inconvenient and expensive though justified as a temporary expedient and as providing for the possession which the company (the Grand Trunk) should have during the preparatory period of its case and, at the same time, by means of a committee of management, for such a measure of unification with the government railway system as might be possible.

When the Grand Trunk stock was acquired, and the control by the management committee set up, government ownership of railways was virtually accepted. In fact the Duff report says on page 13 that the government of the Dominion of Canada was projected into the railway business in 1917. It states:

> Government ownership of railways on a large scale as a national policy was not contemplated or planned by any government and was not submitted for adoption to the people of Canada. But when in 1917, the government refused to permit the Canadian Pacific Railway Company to negotiate for the majority shares of the Canadian Northern, there was practically no escape from government ownership of all the railways now comprised within the Canadian National Railway system. The consequent completion and operation of the hitherto privately owned and operated lines with the publicly owned railways followed as a matter of course. Thus by a combination of contractual obligations and parliamentary measures, the country was projected into the railway business on a large scale.

I am quoting from the Duff report at page 13. This is what it says in contrast to the offhand and rather casual reference which my hon. friend made the other night inferring that it was the government of my leader that was in power when the railway complication took place. This indicates that the time when the government bit off public ownership was 1917 and that was the legacy handed the Liberal party in 1922. I should mention also that the Canadian National Railways Act had been passed in 1919. Our hon. friends opposite had prepared for this, even though they are not now so keen about admitting the fact. This was intended to take in the Canadian Northern Railway and the Canadian Government Railways, but somehow or another, they had not quite the courage to proclaim the act and they kept those railways limping along under those two different managements with the management committee over them. Nothing had been done in

regard to final and businesslike consolidation when the 1921 elections took place. In October, 1922, the board of the Canadian Northern Railway, including the Canadian Government Railways and the Grand Trunk Pacific, and the Canadian board of the Grand Trunk, both resigned and Sir Henry Thornton and his board were appointed in charge of them all. The Canadian National Railways Act was proclaimed and from that time on the Liberal government was responsible for the administration of the road.

I want to remind the house that what we took over at that time was not a particularly homogeneous system of railroads. Lord Shaughnessy wrote in the Winnipeg Free Press in 1921 with regard to this very matter. I am reading from that paper of December 16, 1931:

Lord Shaughnessy in his letter to the government in 1921 pointed out that in respect to much of the new national system there was no rolling stock equipment, nor terminal yards, freight facilities, repair shops, nor other requirements commensurate to its needs and that the cost of providing them would be very great. That it would take years of effort, large expenditures of money and the courageous facing of money losses covering many years to establish the Canadian National Railways.

That is the legacy which my hon. friends opposite left in 1921. The minister has often complained, and he complained again to-night, that he had been left an unfair legacy by the late government. I want to point out the distinction between the legacy we got and the one we left. That was the condition of the roads at that time as pointed out by Lord Shaughnessy, and everyone will admit that he knew something about railroading. That condition was described by Sir Henry Thornton when he was before the committee on railways and shipping in 1929. I shall not take up time by quoting all he says, but I shall read from pages 138 and 139 of the report of the committee of railways and shipping in 1929. Sir Henry Thornton says:

Now the great problem that confronted us was to arrange to provide such facilities as would permit those discorded parts to operate as one, each part more or less in accord with the other. That involved necessarily very considerable additions to capital, as one can easily see. Take, for instance, this one question of rock ballast and heavier rail on our lines between Montreal and Chicago. We have been pursuing a consistent policy, an increasingly vigorous policy, to as rapidly as possible equip that part of the railway with stone ballast, automatic signals and heavier rail, a large part of which must necessarily go to capital.

Then he spoke concerning wooden trestles which had been renewed. Then:

I do not want this committee to go away with the idea that when the system was handed over to us we were handed a complete railway. We were handed a very discordant number of parts, a railway which was insufficient in many ways in its railways and traffic. All that involved a good deal of money to put the railway into an efficient position. And the answer as to whether that was wise or not is found in the increasing net earnings, which have increased from $3,000,000 for 1922 to over $58,000,000 last year.

Then Mr. Geary stated:

A good deal of that had been done before you came.

Sir Henry Thornton replied:

The work had commenced, and some of it had been done; and during the intervening six years we proceeded with it with greater vigour than those who preceded us had been able to pursue it. And then again the great advantage was that it was all under one administration, instead of two as it was before.

Then, going down on the page still further, Sir Henry Thornton said:

The railways, as we took them over, were like an orchestra, with each instrument playing its own tune independently of the others; and we are trying to get harmony out of the whole.

Whom do you suppose replied? The Hon. Mr. Stevens replied:

You ought to be complimented upon the way in which you have got harmony out of your organization.

That is the system we got. I should like to place on record what we did with that system, and what Sir Henry Thornton and the railway management did with it between the years 1923 and 1931. I have before me a tabulated statement showing a financial picture of the railways from 1923 to 1931, but I have not time to place that picture on record. At this point I shall attempt to summarize it so that it may be easily understood. In my figures I shall take three periods. First, I have taken the system which made up the Canadian National railways between 1919 and 1921, under the Meighen government, then I have taken the period from 1922 to 1930, during the time the Liberal party was in power and Sir Henry Thornton was president of the railways. Then there is the year 1931. I have endeavoured to get the figures for 1932, but I am informed the report is not yet published. I shall be glad to make a statement concerning that year when the bill is in committee. Let us look at the figures for the periods I have indicated.

For each of the three years from 1919 to 1921 the average annual capital expenditure was $57,000,000; for each of the nine years from 1922 to 1930 it was $45,000,000. Then there was a drop to $34,000,000 in 1931. As everyone knows, the decrease was due to two things: first, to the very extensive lopping off

in all capital expenditures in government matters, and second, to the splendid condition into which the road had been put. Let us now turn to the other items which have more to do with operation. The Minister of Railways talked a good deal about the railway going into debt to the tune of a million dollars a week. Let me give him a few figures to show him the legacy we got in 1921. The average yearly amount available for interest payable to the government and to the public was as follows: From the years 1919 to 1921 there was not only not a cent available for interest, but there was an average deficit of $22,000,000 yearly. From 1922 to 1930 the average yearly amount available for interest was $24,000,000, and in 1931, the first full year the present government was in power—and I do not blame them altogether, although they will have to take some responsibility—in 1931, there was again not a cent available for interest; as a matter of fact there was a $5,000,000 deficit.

I now turn to the average annual deficit after paying interest due to the public. This is a matter which has concerned the Minister of Railways very much. He states we ought to pay the interest due to the public. I frankly admit that during the last ten years we have not done that. However let me again compare figures. From the years 1919 to 1921 the average annual deficit after paying the interest due to the public alone was $53,000,000. That is a million dollars a week. In the years from 1922 to 1930 the average annual deficit after paying interest due to the public was not $53,000,000, but $15,000,000 and in two of those years, 1926 and 1928, we actually paid the interest due the public and had surpluses totalling $5,000,000. In the year 1931, the first year of my hon. friend's administration, the deficit, after paying interest to the public, was $60,000,000.

Let us take another item, namely the average annual increase in long term debt, public borrowings, and government advances. From the years 1919 to 1921 there was an average of $111,000,000 each year. From 1922 to 1930, instead of $111,000,000 the average annual increase on long term debts was $55,000,000, and in three years, in 1922, 1926 and 1928, we reduced the debt due to the public by a total of $34,000,000. The first year hon. members opposite came into power the increase in long term debt, in public borrowings and government advances was $134,000,000.

I do not think the minister should be too greatly appalled by the million dollars each week. Let me give him a table, with which no doubt he is as familiar as I am, showing the operating results from 1919 forward. These, Mr. Speaker, are the figures after paying interest to the public.

Mr. MANION: Would the hon. member tell what he means by the expression interest to the public? There is interest to the government and interest to the investing public. I should like to have the matter cleared up.

Mr. RALSTON: I mean the interest on all obligations, except the interest due to the government. The interest "due to the public" is what is shown in the accounts right straight through. Having said that, let me indicate by the following table what the situation was in each year from 1919 forward after paying the interest to the public:

1919	$45,000,000*
1920	66,000,000*
1921	48,000,000*
1922	33,000,000*
1923	21,000,000*
1924	23,000,000*
1925	9,000,000*
1926	2,000,000†
1927	4,000,000*
1928	3,000,000†
1929	12,000,000*
1930	35,000,000*
1931	60,000,000*

* Deficit. † Surplus.

And that included eastern lines. These figures indicate that during the thirteen years there was an accumulated deficit of $351,000,000 in connection with these railways which, combined, make up the Canadian National system. Of that $351,000,000, $219,000,000 accumulated during the four years the party opposite were in power. The balance of $132,000,000 was made up during the nine years of the Liberal administration.

No wonder the present Minister of Justice in 1929 was loud in his praises of the railway system. It is impossible to quote too often his remarks, which have already been quoted in this debate. They are as follows:

> Now, when this wonderful Canadian National railway system has more than justified itself, now that it is rapidly becoming in the nature of a great national asset, now that we may look forward to a day not perhaps in my life time, but in the life time of some here, when this system will start repaying the government of Canada part at least of the money it owes to the treasury, to the day when it will have a clean sheet as it ultimately will have, in regard to its bonded indebtedness to the public; now that the system is in this, a thoroughly prosperous condition, this government desires to treat it as its own creature. Whereas in 1919 it tried to cast it out as base-born, now it wants to consider it as its legitimate offspring, and to profit by its success.

Let me say, in concluding my remarks on this phase of the subject, that the national railway system in this country constitutes a national monument to the ability and statesmanship and determination of a single man, a member of a former Conservative government, and subsequently Prime Minister of that government. It is to his ability and foresight, to his statesmanship and determination, that the people of Canada are indebted for this wonderful system of national railways.

Mr. VENIOT: The chickens come home to roost.

Mr. RALSTON: Yet within two years we have the Prime Minister of Canada comparing this railroad to the Grand Trunk Pacific, and saying we must have a receivership for it! I say that no more unhappy or misleading or harmful expression was ever used than to talk about receivership for the Canadian National. An hon. gentleman in another chamber the other day intimated that while they were the mothers of the road they did not much like the way the foster father had treated it the last six or seven years. Well, after the record I have given I think that this road would be willing to trust itself to the tender mercies of the foster father rather than to the careless and indifferent and inconstant mother who now seems to care so little for her offspring. Receivership, my right hon friend says! He might just as well talk about the government of Canada being in receivership. We have a deficit of $200,000,000 or more; does that mean we are going into receivership? The situation is that we are paying our interest as usual; there is nothing to go into receivership about that I know of. You have a receivership when you do not pay your interest. The people of Canada are paying this interest and propose to pay it. I submit my right hon. friend used an expression extremely harmful to the Dominion of Canada. One would think, Mr. Speaker, that there was $2,300,000,000 of debt that we never had before. But when we took over these roads there was over $1,700,000,000 due on them. Let me tell you how the $2,300,000,000 is made up. It is not any new figure. The amount due the public is $1,263,000,000, including unguaranteed debt; $618,000,000 dominion government advances, and $405,000,000 for Canadian government railways; $2,286,000,000. Of that $1,700,000,000 was on the time that we took the roads over, and as far as the Canadian National is concerned we have added in capital expenditures just as much and no more in percentage to mileage as the Canadian Pacific has spent during the past ten years. So that comparatively we are in exactly the same position, as far as capital expenditure is concerned as we were in 1921. And yet a road which was spoken about in such wonderful terms in 1928, which has not done any worse, except that it has not made as much operating revenue, but which at the same time has not increased its capital expenditures any faster than the Canadian Pacific, is now talked about as going into receivership. Yet the people of Canada are in a position, and I hope always will be, to pay the interest.

What is the situation in regard to this road? That brings me to a point that it seems to me is overlooked—it may be regarded as bookkeeping, but I think it is essential if you are going to give the Canadian National system a fair chance. We are talking as if the Canadian National owed us $2,286,000,000. You might just as well say that the Post Office Department owes us $70,000,000 because the post offices and public buildings cost us that much. Do we ever expect to get interest on that? Certainly not. Do you ever expect to get interest on the cost of public works and public utilities all over this country? Certainly not. But because the roads which happen to make up the Canadian National system at some time in their career as private enterprises cost $2,286,000,000, we say this road is going to the demnition bow-wows because it does not pay interest on that amount. It was never bought to pay interest on that amount; the roads were bought as public utilities. The sooner we get these railways recapitalized so that they can be given a fair chance, the better it will be for the finances of the Dominion of Canada and the fairer for the railway itself. My friends have a perfect right to say: You were in power for nine years, why didn't you do it? I say to my hon. friends that it was repeatedly considered, and it was felt that we should have experience for a reasonable time in order to see just what this railway could do. I believe that now is the time this should be done, and particularly do I believe that it should be done when we are proposing to hand over this railway to a set of trustees who are going to run it economically and under a system to make it remunerative. That is the word used in the act. Remunerative on what? Are you going to require the trustees to run it to pay interest on $2,286,000,000? It has never done it yet. It paid interest on a portion for two years. The best estimate I can make, looking at the gross earnings year by year, is that if we get interest on perhaps $700,000,000 or $800,000,000 that would be fair to the railway and to the people of Canada. I submit we might just as well decide now that the people of Canada will cut their loss,

it it is a loss, in connection with the Canadian National, and do what almost every other concern is doing, have a reorganization, cut down fixed charges and give this railway a chance to live and pay its way. I have always felt, particularly when we talked about a change in management in the system, that that would be the first thing to be done. I cannot conceive how you are going to put trustees in charge of this road and tell them to run it on the principle laid down in section 16, "remunerative operation," without fixing some decent amount of capital on which the railway is supposed to pay interest. What will they pay interest on? They certainly will not pay interest on the amount due the government. My hon. friend the then Minister of Justice, in 1928, himself called the amount due the government a "bookkeeping entry." The Minister of Railways, speaking here the other day, intimated that no member of the house expected the railway to pay interest on the amount due the government. Well, will they pay interest on the amount due the public? I think not. There was due the public and the government in 1922 something like $1,700,000,000. It cannot carry the interest due to the public, it never has except for those two years when times were particularly good. I do not believe that we should set up the capital on which the Canadian National should pay interest at any such amount. After all it is a matter of bookkeeping, but it makes all the difference between having us feel that we are losing money, that we have a child in the house which is not paying its way, not earning its keep, and feeling that we have paid for a public utility, the payment being part of the public debt just as the payment for the war or for public works or post offices or any other public facilities. I believe we should get down to that situation, and that is one of the things that should be done not last but first.

Now, Mr. Speaker, after we have done that what is the second step? My friend the Prime Minister mentioned it; he spoke about equilibrium between revenue and expenditure. That is a splendid idea. But you do not get that equilibrium by appointing a receiver, you do it by appointing a manager. That is exactly what we are trying to do here. I think the farther we get away from that figure of a receiver the more self-respecting we shall feel. The spirit of the act is that economies shall be practised and that there shall be remunerative operation. Now it is absolutely a contradiction in terms if you talk about remunerative operation with a capitalization of $2,286,000,000. There are two ways to secure economies—and I am absolutely in favour of it, let no man in this house mistake that; there is no one who believes more in the necessity of drastic economy than I do, particularly at this time in our history. There are two ways we propose to achieve it, one by forcible cooperation with the competitive railway, and the other that which has been mentioned by the hon. member for West Middlesex (Mr. Elliott) by making the railway independent not only of parliament, but of the public too. With forcible cooperation I have not time to deal except, with my honoured leader, to express my doubts as to the effect of cooperation achieved under the shadow of a stuffed club. Nevertheless I agree that there should be some arbiter, some way should be found; and it may be that this is the way, perhaps some modified form of board; some way should be found whereby needless competition between these railways and duplication of services will be eliminated.

My next point is with regard to the railway being independent of parliament and the government. I know it is not intentional, but will the house just recollect that all we are doing here is forming a new board for the Canadian National Railway Company, and that the governor in council still has the right to put a railway company under that national company or take one out from it. So you may have all this machinery, the trustees and all that sort of thing, with not a railway under the act, and that can be done by order in council. I do not think it was intended that it should be left in that way, and I imagine that when the bill is discussed in committee something will be said about it. Another thing should be noted: It is peculiar that the first trustees are to be appointed by the governor in council, and that only after that do they become self-perpetuating and are appointed by the president of the exchequer court, the chief commissioner of the board of railway commissioners and the two remaining trustees.

Now with regard to this matter of independent control: Let us remember that at the present time we have these alternatives: We can amalgamate these roads, we can sell the Canadian National, we can lease it or we can run it. By this bill we are deciding that we are going to run it, and why? Not simply because we want to make money out of it; that is perhaps the last thing to consider. We want to save as much money as we can, but we believe it is in the public interest to operate this system, and we believe it is in the interest of the community to run it similarly

to the post office or any other government service.

With your permission, Mr. Speaker, I should like to give just one illustration of how I think this act will work out and why I believe there should be a least some protection and some safeguard in the public interest. Take the Halifax and Southwestern railway as an example. This may be parochial; some hon. members may say I am referring to my own province. That is so, and I do so because I am most familiar with that province. Under this act that railway can be abandoned, by agreement between the Canadian National railways and the Canadian Pacific railway; it can be abandoned and the bondholders, who happen to be the people of the province of Nova Scotia, can take it over. It could be abandoned at the behest of a trustee appointed by the governor in council or chosen from such a panel as I have mentioned, which panel is drawn up and the choice made by the president of the exchequer court, the chairman of the Board of Railway Commissioners and the remaining trustees. This trustee is appointed for seven years; he is not removable except by the address of both houses, and his decision may not be reviewed by the governor in council. I submit, Mr. Speaker, that this is not a fair position in which to place these people of Nova Scotia with regard to that particular road. I am only taking that as an example. I believe every hon. member can imagine some situation in his own constituency which is comparable to the one I have mentioned.

Mr. SPEAKER: The hon. member has spoken for over forty minutes.

Some hon. MEMBERS: Go on.

Mr. MALCOLM: Go ahead, with the consent of the house.

Mr. RALSTON: I am very much obliged for this courtesy, and I have just one more point to make. I say this illustrates the effect of the act and the irresponsibility of the trustees, if I may put it that way, without offence, who are to be given jurisdiction over our railways. Let me point out one other matter which I hope the minister will consider when the bill is in committee. I think under this act bonds could be issued by the trustees without the approval of the governor in council.

Mr. MANION: Perhaps they could, if they could sell the bonds.

[Mr. Ralston.]

Mr. RALSTON: Equipment trust bonds can be issued without any guarantee of any description.

Mr. MANION: Not at the present time.

Mr. RALSTON: They have been so issued right along. Perhaps there has been a change since my hon. friend came into office, but I say that under this act bonds apparently can be issued without the approval of the governor in council at all.

I am in accord with those who have spoken with regard to the desirability of a larger number of trustees than is provided for in the bill. I believe the situation with regard to the Intercolonial railway is so vital that we should have some representation from the maritime provinces. I cannot develop this argument to-night except to say that, as everyone knows, the Intercolonial railway was built as a strategic road, two hundred miles longer than was necessary, as a bond of confederation. Further than that, it was built as a surface road. We pay more to have our goods hauled because our motive power cannot handle heavy loads because of the grade. An engine that will handle a thousand tons on the prairies will handle only perhaps six hundred tons on that line in the maritime provinces. I think under these circumstances the people of the maritimes are entitled to some consideration. I believe the trustees should have some intimate knowledge of the place and position the Intercolonial railway holds in Canadian confederation.

In closing, Mr. Speaker, let me say that I go as far as any living man in divorcing the management of the railways from party influence, but I believe the provisions of this act go to extremes which are both unnecessary and unsound. I yield to no one in recognizing the necessity for economy, but if we are to retain this railway system the people of Canada who have made the investment should be entitled to something more than the questionable satisfaction of paying interest, at the same time very largely abdicating in perpetuity all practical control of the railway. I still feel that the man who pays the piper should have at least some voice in calling the tune. It has been decided to maintain this railway system as a national undertaking. I believe a vigorous and effective and, if you like, drastic policy of cooperation and retrenchment can be carried out without resorting to hysterical or unsound methods, and wtihout any such wholesale surrender of governmental authority as is contemplated in this bill.

Mr. ROBERT McKENZIE (Assiniboia): Mr. Speaker, in spite of all that has been said I feel it my duty to express my views with regard to the bill which is now before the house, because in my opinion this is the most important measure to be considered this session. First we had what is supposed to be a very serious railway problem. The government, realizing the gravity of the situation, appointed a commission, and now we have this bill which is based upon the report of that commission. I will not go into further detail.

My first reason for opposing this bill is that it does not suggest any solution of this great railway problem. More than that, however, I fear that it does mean a consolidation of the two railway systems, probably for all time to come, through the provision concerning the leasing of part of the Canadian National system to the Canadian Pacific Railway. I come from a part of the country which is served almost equally by the two great systems, in the main by branch lines though part of the main line of the Canadian National runs through my district. I hold no brief for either system, but I am concerned over the possibility that through the consolidation of these two systems there may be more men out of work than we have at the present time. I am also fearful that this leasing I have mentioned will result in the branch lines suffering severely through whatever efforts may be made in the name of economy. I am afraid that the Canadian National system may become completely submerged in the privately owned company before many years go by, and to such an extent that it will not be able again to operate as a separate entity. Now, the opinion that the Canadian National railway system may not be able to function as a separate entity is not my opinion alone; we have the opinion of Sir Joseph Flavelle, one of the commissioners. In reply to a question asked by Mr. Beatty he used these words:

> We are legislating for the future needs of the country, and the adoption of your suggestion would mean one system of railways in this country for all time to come, unless parliament intervened and said, "It is intolerable; we will break it up." . . . I am not altogether sure of the capacity of its executive to interpret, without the whip of competition, what the public have a right to secure in the way of service. . . .

That is the opinion of Sir Joseph Flavelle with respect to this problem, and I say with him that we do indeed need the whip of competition if the people are to get that service they are entitled to. Another thing which the government seems to have lost sight of entirely is the fact that these railways were not built exclusively for the purpose of making money, but as a public utility. Nor did the railways themselves take that view, that they were operating solely for the purpose of making money for the country.

I will direct attention to the branch line problem, and I will do so as briefly as I can. I believe that railway development and progress in the direction of branch lines was largely responsibile for the fact that for a number of years our railway operation was so successful, as pointed out by the previous speaker. From 1923 to 1930 the branch lines unquestionably played a very important part in providing tonnage for the main lines. On that account it seems reasonable to me to conclude that the development of the country itself has been very materially assisted by the policy of the railways in building branch lines ahead of settlement. Had it not been for this, this country would not have attained the success it did, nor would it have made such strides during the years from 1923 to 1930. This being true, and in view of the fact that the railways themselves did not take the view that they were operating entirely for the purpose of making money, but also had regard for the welfare of the people of Canada in the extension of branch lines, I wonder why it is that the supporters of the government in this house are to-day criticizing our railways to the extent they are. Why is it that the railways are being so severely criticized, notwithstanding that practically every other utility you can mention is in just as bad a position financially as the railways?

Let me refer once more to the evidence taken before the Duff commission. In this connection I will read a few passages from the evidence of Mr. Hungerford, the acting president of the Canadian National Railways, given before the commission. He was pointing out the conditions of these railways when they became a separate entity under the management of Sir Henry Thornton, and he made this statement:

> The situation which confronted the new management of the consolidated properties was an extremely difficult one and it had a great multitude of problems to solve. The Grand Trunk Pacific and the Canadian Northern were not entirely completed nor equipped for operation and the earlier constructed lines of the latter company were in a very poor physical condition; while the Grand Trunk and Intercolonial were badly run down as a result of war pressure and financial limitations. All of these groups were very short of rolling stock and what was owned was generally in a poor condition of repair.
>
> On practically all of the lines, the condition with respect to ties, rails, ballast, bridges, buildings, and other features of like character was most unsatisfactory; terminal facilities required enlargement and rearrangement to

permit of satisfactory and economical operation; the coordination of the various groups so as to operate as a single system involved the construction of numerous connecting lines and rearrangement of facilities. Altogether, the physical condition was such as to preclude giving even reasonably satisfactory service.

Beyond all this, the management was faced with the following combination of conditions,—

(a) Property bankrupt by a very wide margin, i.e., capitalized far beyond its earning power.

(b) Lowest average traffic density of any large system in North America.

(c) Very low freight rates as compared with other countries.

(d) Necessity of spending large amounts of money to keep certain lines in condition to operate at all.

(e) The necessity of spending large amounts to place the property in reasonable and economically working condition.

(f) The insistent demand of the public for the construction of branch lines, grade separations, stations and hotels, and for a higher standard of service generally.

That was the condition of the railways at the time the system became a separate entity under the management of Sir Henry Thornton. From these statements, and in view of the facts which everyone in this house knows, it seems to me that it should hardly be necessary for anyone in this chamber to feel compelled, or to think it necessary, to uphold the management of the system, when we consider the progress that has been made since the time Mr. Hungerford spoke of.

In the part of the country from which I come, as, I believe, throughout Canada in 1920 or thereabouts, the Canadian National railway system was nothing short of a joke. But when the Liberal party came into power at the beginning of 1922 our leader made one promise to the people, namely, that he would give the nationally owned system a fair trial. He did this, with the result that for eight years, from that time until 1930, it was looked upon as one of our greatest assets. Let me read the opinion of the Hon. Joseph J. Eastman, a member of the Interstate Commerce Commission, in an address he delivered on November 6 last. He said:

....Those who point to the deficits which that railroad (Canadian National Railways) is now incurring forget the fact that it is an aggregation of lines, many of them built in advance of the development of the country, which experience has proved could not be successfully operated by private enterprise. They forget the extraordinary improvements in service and earnings under a public management headed by a man, Sir Henry Thornton, conceded to be in the front rank of railroad operators, who, by the way, is a graduate of the University of Pennsylvania and got his early railroad training on the Pennsylvania Railroad system. They forget, also, the general depression in railroad earnings at the present time.

[Mr. McKenzie.]

That, then, is the opinion of a railway man in the United States with regard to Sir Henry Thornton. But, more than that, even the Minister of Justice (Mr. Guthrie), as mentioned by the previous speaker, in this house in 1928 made a speech in which he referred in very glowing terms to the management of the Canadian National Railways. On that occasion he said that there was no reason to criticize the system.

I will now put on Hansard a table dealing with the Canadian National Railways, including the eastern lines and excluding the Central Vermont Railway. These figures give the gross revenue, operating expenses, net revenue and operating ratio from 1919 to 1932 inclusive. I will begin with the year 1920, but I will not give every year. In 1920 the gross revenue was $236,709,116, and operating expenses, $271,241,000, or a net deficit of $34,532,000. The net revenues for the following years are as follows:

1921	$11,543,578*
1922	3,620,426†
1923	21,123,544†
1924	17,974,621†
1925	33,121,450†
1926	47,420,960†
1927	41,573,851†
1928	54,859,573†
1929	41,864,700†
1930	20,884,654†
1931	400,298†
1932	5,367,869†

* Deficit. † Surplus.

These figures show that between 1920 and 1928 there was a change from a deficit of almost $35,000,000 to a surplus of almost $55,000,000, a total change of nearly $90,000,000. Since we consider that we have a very serious railway problem upon our hands, the question might be asked: What is the matter with our railways to-day? Is it not just the fact that there is not sufficient shipping and that the people have not the money with which to buy railway tickets? At the same time some hon. members think that there was too much extravagance. I have no doubt that there was but this was not true only of the Canadian National system. As was shown by the evidence given before the Duff commission, the extravagance of the Canadian Pacific almost paralleled that of the Canadian National and in their hotel system I believe they spent even more. As was stated in the evidence I have quoted, we must remember that the Canadian National practically had to rebuild its system. In 1923 the Canadian Pacific was a going concern while the Canadian National was only a dilapidated system. One of the opening paragraphs of the report of the Duff com-

mission states that large capital expenditures for the improvement of the physical condition of the national lines is one of the cardinal causes of the several disabilities of the Canadian National Railways. I wonder what those disabilities would have been had the road been left as it was in 1920, 1921 or 1922, when we were showing such large deficits? What would the present condition have been without the expenditure of large sums of money? Would we have been satisfied to have the road continue to show a deficit of $35,000,000 on operating costs from year to year?

I should like to refer to a unique situation which exists not only in my constituency but in the constituency to the north and extending into Manitoba. We have two lines of railway, the main line of the Canadian National and a branch line of the Canadian Pacific paralleling each other for approximately ninety miles. At no point in that ninety miles are the railroads more than six miles apart. I notice that President Murray said something to the effect that the fear of tyranny is deeply ingrained in our people, and while he thought that this board might protect he questioned that it would be able to protect sufficiently. That is what I am concerned about in connection with this bill. Is this tribunal, which is to be set up, practically under the control of one man, going to give justice to the people living on the branch lines? Instead of the government divesting itself of power in connection with the railways, I believe that it should take more. To the man living upon a branch line, that line is the most important line in the whole country. He has a right to that opinion because it is the only line he is able to use under present conditions. I am afraid that with the curtailment of expenditures mentioned in this bill the people living upon these branch lines will not get a fair deal. I am wondering whether or not the curtailment suggested will not make their railways of little or no use to them.

I remember reading in the Duff report something in connection with compensation being made under certain conditions. I say to the Minister of Railways that if there is any compensation to be given, it should be given to these people who have settled along some of these branch lines and now find that they have little or no train service. Some of them have already suffered from a very poor train service and if anyone is entitled to compensation, surely they are. Some of the business men in the little villages situated upon these branch lines find that their business has practically gone because their town has gone back due to the lack of railway service. What we want is not less but more government responsibility in the management of our railways. If the people in my constituency feel that they are not getting a fair deal, they look to me as their representative to do something. I want to be able to go to the government and say: These people are not getting a square deal. I do not want to have to depend upon some individual, probably in the city of Montreal, who will head this proposed tribunal and who knows nothing about local conditions.

I should like to refer to the speech delivered by the Prime Minister (Mr. Bennett) on March 9. He is reported on page 2855 of Hansard as follows:

> I wonder how intelligent men ever thought that it was possible to create three transcontinental systems of railways in Canada. Take the history of world transportation, take just the bald outlines of it, and ask yourselves how Canadians could ever have thought it possible to create a Grand Trunk Pacific transcontinental system, a Canadian Northern transcontinental system and a Canadian Pacific transcontinental system. It is beyond me. The other day I had brought to my attention a Life of Sir Wilfrid Laurier written by a great friend of his, Senator David. In the 1905 edition, the first edition, the author opens one paragraph with the assertion that Sir Wilfrid Laurier was not only a great orator but that he had clairvoyance inasmuch as he saw the future of the country when he brought forward the Grand Trunk Pacific railway. Later editions of the book leave that out.

He continues:

> One does not wish to have faith in one's country to the extent of being foolish, and anyone knows that the mere suggestion that eight million or fifteen million people could sustain three transcontinental railway systems, over the territory these railways crossed, is absurd.

If I remember correctly, it is now some thirty years since Sir Wilfrid Laurier promoted the Grand Trunk Pacific railway. I wonder if the Prime Minister had sufficient foresight at that time to know just to what extent the motor truck and the automobile would participate in the transportation facilities of our country. If he did, I do not think anybody else did. The other day we heard the present Prime Minister attempting to ridicule Sir Wilfrid Laurier because he thought there was room for another transcontinental system. Now, when we have three transcontinental systems and they are all starving for business, the Prime Minister thinks it is a good thing for him to build the trans-Canada highway and to enter into a tentative agreement for the completion of the St. Lawrence waterway. These two will do far more to take business away from our railways than would an addi-

tional transcontinental system. Nevertheless the Prime Minister at least pretends that he is in favour of both the trans-Canada highway and the St. Lawrence waterway.

I contend that the legislation now before the house is not necessary in any sense of the word. In the first place it will not solve the problem, and as a matter of fact I have not heard an hon. member opposite, supporting the government, claim that it will do so. I believe the government at this time should let the railways continue unmolested to do as they have been doing in connection with their co-operative measures. Let them cut down their expenditures as they have been doing. In 1932 the revenue of the Canadian National Railways was down $150,000,000 as compared with 1928, and during that period they reduced their expenditures by something like $100,000,000. If the government would change their policy so as to allow goods to move freely in and out of the country, the railways would get business, but under the present system that cannot be expected. If this legislation means the further consolidation of the two railways, as I believe it will, it will at the same time mean throwing more men out of employment and I do not believe any of us at this time wants to see that happen. Because of the facts I have mentioned I am entirely opposed to this bill and for that reason I shall have to oppose it when it comes to a vote.

On motion of Mr. Veniot the debate was adjourned.

On motion of Mr. Guthrie the house adjourned at 10.55 p.m.

Tuesday, March 14, 1933

The house met at three o'clock.

BANKING AND COMMERCE

Mr. R. C. MATTHEWS (Toronto East Centre) presented the fourth report of the select standing committee on banking and commerce and moved that it be concurred in.

Motion agreed to.

CRIMINAL CODE AMENDMENT

Mr. P. F. CASGRAIN (Charlevoix-Saguenay) moved for leave to introduce Bill No. 46, to amend the criminal code (lotteries).

Mr. GUTHRIE: Explain.

Mr. CASGRAIN: The purpose of this bill is to provide that anyone who wants to institute proceedings under subsection 3 of section 236 of the criminal code must first obtain the consent of the attorney general. This has to do with sweepstakes. Persons who have received money from sweepstakes have been sued in proceedings taken by private individuals. To obviate the trouble I think it would be advisable to provide that no proceedings under that subsection shall be taken without the consent of the attorney general.

Motion agreed to and bill read the first time.

SURVEY OF NATIONAL PORTS

On the orders of the day:

Hon. ERNEST LAPOINTE (Quebec East): May I ask the Minister of Marine (Mr. Duranleau) when we may expect legislation, which according to the press he announced in Montreal on Saturday, for the purpose of giving effect to the recommendations of the Gibb report with regard to harbour boards?

Hon. ALFRED DURANLEAU (Minister of Marine): I cannot say that the report which appeared in the press was absolutely accurate. But I can state to my hon. friend that we are still studying the rough draft of the bill on the national harbours of Canada.

Mr. LAPOINTE: The announcement was premature!

Mr. DURANLEAU: I do not say it was premature, but I was reported as saying a bill would be introduced this week. That statement was not accurate.

CANADIAN CAR AND FOUNDRY COMPANY

On the orders of the day:

Mr. PAUL MERCIER (St. Henri): On February 16 last I had a question on the order paper asking the Minister of Railways (Mr. Manion) if the Canadian Car and Foundry Company applied to the government or the minister to secure a contract for the construction of two thousand freight cars to help unemployment, and whether consideration was given to the Canadian Car and Foundry Company. The minister said that such application was made and consideration was being given. May I ask if he has arrived at some decision?

Hon. R. J. MANION (Minister of Railways and Canals): The matter is still under consideration.

SOREL, QUE., WHARF

On the orders of the day:

Hon. P. J. A. CARDIN (Richelieu): In view of an item I read this morning in the Montreal Gazette, repeating statements made on many occasions by persons connected with the harbour commission of Montreal regarding the port of Sorel, may I ask the Minister of Public Works (Mr. Stewart) if it is true that the government spent $2,000,000 for building the wharf on which the present privately owned elevator is erected at Sorel, and if in fact that wharf was not in existence many years before the elevator was built?

Hon. H. A. STEWART (Minister of Public Works): As the hon. gentleman gave me no notice of this question I am not prepared to give the answer. I have not the information with me. I suggest it stand as a notice of motion.

Mr. CARDIN: Quite satisfactory.

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

The house resumed from Monday, March 13, consideration of the motion of Hon. R. J. Manion for the second reading of Bill No. 37, respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific railway system, and for other purposes.

Hon. P. J. VENIOT (Gloucester): Mr. Speaker, in rising to continue the debate on the motion for the second reading of the measure now before the house let me say that I do not intend to deal very extensively with the bill as it now appears. While I intend to express my opinion later on with regard to certain phases of the measure I wish to confine myself now to certain omissions on the part of the Duff commission and to a certain lack of consideration on the part of those responsible for the preparation of this bill. Before doing so, however, in common with other hon. members who have spoken so eloquently I wish to compliment the Minister of Railways and Canals (Mr. Manion) on the very fair manner in which he presented this bill to the house. His speech was on a very high plane; he appealed to the house to lay aside partisanship, saying that the situation was so serious that every hon. member in this house should give this bill his very best consideration. The hon. gentleman zealously avoided anything that savoured of politics or partisanship, and his appeal was immediately answered by the right hon. leader of the opposition (Mr. Mackenzie King) whose remarks also were on a high level. The right hon. gentleman offered certain criticisms, but he expressed the hope that they would be received in good part, with the knowledge that he was endeavouring to better the measure and make it more operative.

I am glad to be able to pay this compliment to the Minister of Railways and Canals, but I very much regret that I cannot say the same thing with regard to his leader, the Prime Minister of Canada (Mr. Bennett), who undertook to give this house a history of railway construction in this country. I was glad to hear the Prime Minister refer to the terms under which the Intercolonial railway was built, because later on in my remarks I desire to direct the attention of the house to this question. The Prime Minister brought his history of railway construction down to 1914, and directed especial attention to the construction of the railways through western Canada, but when the right hon. gentleman came to 1914 he stopped like grandfather's clock, never to go again. He contented himself with the introduction of the political element into the discussion at that point. The right hon. gentleman said that the Liberal government had subsidized the construction of the Canadian Northern from a point in Ontario to Winnipeg and that, he said, was the beginning of our troubles. Is it possible that the hectic times through which the Prime Minister and his government are passing have shortened his memory? Why did he not give the full history of railroad construction in this country instead of stopping at 1914? Has my right hon. friend forgotten those days we witnessed in parliament in 1914 when he, as a supporter of the Conservative government of that day, derided and berated an hon. gentleman now sitting in another chamber because he introduced a measure that had for its object the construction of the Canadian Northern from Winnipeg to the Pacific coast? Has the Prime Minister forgotten that during that debate he used every condemnatory adjective in the English language? Has he forgotten that he pointed out that the measure meant the creation of a corruption fund; that it would bring about the corruption of the electorate of the Dominion of Canada? Has he forgotten what he called the disgraceful lobbying carried on by Mackenzie and Mann in the corridors of this parliament in order to corrupt the members of the House of Commons? But that measure went through, Mr. Speaker, and that was the beginning of all our troubles; it provided for the establish-

ment of the third transcontinental railway in Canada, and from that day to this we have had troubles galore.

The Prime Minister must have had an object in view. I do not wish to impute motives, Mr. Speaker, because that is against the rules of the house, but one cannot help but suspect that the reason the Prime Minister did not give the full history of railway construction in Canada was that if he did so he would not be able to lay the blame on the Liberal party for the transportation problem facing this country to-day. The introduction of that element of politics into the discussion by the Prime Minister has thrown a shadow over this house. The right hon. gentleman should have known that we of the opposition would not allow him to throw into our faces any blame which did not belong to us. As a result of his speech we on this side of the house have been driven to recrimination; we have been forced to define our position, and as a result the debate has not remained on the high level on which it began. I hope that as the debate continues we will get back to the point of view we had in the beginning. Of all men in this country the Prime Minister should have set the example; he should have taken a leaf from the book of his Minister of Railways, but perhaps the Minister of Railways did not consult the Prime Minister and did not make known to him the position he would assume during this debate. But knowing the Prime Minister as we do on this side of the house; knowing that he always glories when he is in a position to attack, knowing that he always feels justified in using recrimination, sarcasm and invective when he is dealing with the arguments of his political opponents, we are not at all surprised that he reached such a level in the debate.

Now, having treated that part of the Prime Minister's speech, I shall refer as briefly as possible to what I consider an omission on the part of the Duff commission in dealing with the railway situation in Canada so far as it relates to the human element. And when I say human element, I am not thinking of the men who were discharged in the past, or of those who are going to be laid off in the future in the interest of economy. We are to-day faced with a situation so serious in connection with our railways that economies have become absolutely necessary. Some sacrifices will have to be made. No doubt our railway employees will find it hard when they are retired and have no longer any work on the railways but must seek employment elsewhere, perhaps at work to which they have not been accustomed. But be that as it may, be the sacrifice as great as it may, sacrifices all round have to be made and no doubt in the long run these men will understand that they too, forming an integral part of the dominion, will have to bear their fair share of the burden.

But there is another point of view from the human side of the case, and I wish now to refer to what is known as the provident or insurance fund. I speak now with reference to the Canadian National railway system. I see nothing in either this bill or the report of the commission that would in any way protect the men who have been laid off in the past or those who will necessarily be laid off in the future. Under the system now in vogue the railway employee contributing to the provident fund must put in fifteen years of service continuously, and any time he loses in that period is deducted from his fifteen years. He must serve fifteen years before he can claim any of the privileges under the fund, unless through sickness or accident, and on the proper certificate of a doctor. Men who have been fourteen years in the service are being laid off, and dismissal is in accordance with the principle of seniority; the lesser the number of years a man has in the service the sooner he is liable to be laid off under the regulations adopted by the railways and by the labour unions associated with them. If under this system a man has not completed his fifteen years and is laid off through no fault of his own, it is absolutely impossible for him to draw any benefit from the provident fund or insurance. The amount he has contributed remains in the fund for the benefit of those who are fortunate enough to be kept permanently employed.

Now I want to put this proposition to the Minister of Railways and to every member of this house. Is it fair or just that men who are retired before the time at which they can claim compensation, provided they are qualified for proper retirement under the Pension Act, should be laid aside and have nothing provided for them in the way of compensation out of the very fund to which they have been contributing for perhaps fourteen years? I want the minister to look carefully into this matter, because there is uneasiness to-day among the railway employees throughout the country. They fear that because this bill does not deal with that situation, because the Duff commission which investigated the railway problem has not seen fit to consider the question or to make any recommendations in regard to it, those who may be retired before the completion of their

fifteen years will lose what they have contributed. True, under the system, ordinarily speaking, if they retired before the end of the fifteen years they would not be entitled; but that would be voluntary on their part. To-day, however, they are being laid off through no fault of their own, as a result of that regime of economy which the government feels called upon to establish in the administration of the railways. Surely these men should not be allowed to suffer to such an extent that they are unable to benefit from the amounts which they themselves have contributed to the fund.

There is another point with regard to the human element, and that is the question of seniority. I would call the attention of the minister to this point. No mention is made of the situation which will result from the recommendations of the Duff report with regard to the seniority of these men. Ordinarily under the rules, a man who is laid off for a period of more than one year—I think it is one year, but it may be eighteen months; I am subject to correction in this regard—loses his seniority. In this case if he is laid off he may not be called again to resume work on the railways for two or three years, until such time as conditions improve and they require more men; and the very moment a man is called upon to resume work he loses all seniority and has to begin at the bottom of the ladder and work his way up again. That is not fair.

Mr. MANION: I may be wrong, but I think my hon. friend is misinformed in that regard. I say this merely to have the record straightened out in case he is wrong.

Mr. VENIOT: If I am misinformed on the points I have raised I shall be perfectly satisfied to be corrected, but I wish the minister would look into this matter—

Mr. MANION: I shall.

Mr. VENIOT: —before the bill passes out of the committee stage and comes up for third reading. I should like to have him call in the railway men, representatives from the different railway unions who are familiar with the operations of the fund and with the question of seniority, so as to satisfy himself that I am either right or wrong. If I am wrong, then I shall feel that at least I have done my duty in bringing the matter to the attention of the government, so that the responsible minister will be able when the time comes to assure parliament and the people of Canada that no injustice will be done these men.

I come now to a consideration of the Intercolonial railway, to which both the Prime Minister and the leader of the opposition referred in their speeches. I am not going to tire the house with a detailed history of that enterprise. The Intercolonial railway became the bond between the maritime provinces and old Canada, known at that time as Quebec and Ontario. In 1864 New Brunswick, Nova Scotia and Prince Edward Island met in conference at Charlottetown to decide whether they should link up as a union of the maritime provinces with one government or remain as three separate colonies. When Quebec and Ontario heard of this conference they sent delegates to Charlottetown to appeal to the maritime provinces not to consummate the union. They pointed out that Ontario and Quebec must obtain transportation for their products through Canadian ports to the markets across the sea. They pointed out that the manufacturers of Ontario were at the mercy of the American railways. This did not seem to convince the maritime provinces, but Quebec and Ontario went still further. They appealed to their patriotism and to their loyalty to the British crown. They pledged themselves that if the maritime provinces would forego union they on their part would agree that the Intercolonial railway would be built from a point on the St. Lawrence to the port of Halifax, with a connecting branch line to the port of Saint John. This railway was to be built not only for the accommodation of the people in Quebec and Ontario but it was promised that the commerce going through the ports of the maritimes would bring prosperity to those provinces such as they had never had before.

At that time the maritime provinces were enjoying the height of prosperity. The American markets along the New England coast were open to them and they were the most prosperous section of British North America. However, we were willing to forego that prosperity in order to uphold the greater supremacy of the British Empire. From that day to this although at times there has been uneasiness exhibited in the maritime provinces, nowhere under the British flag will you find people more loyal to the British crown than the people of the three provinces down by the sea. No matter what our differences may have been, no matter how much uneasiness has been created in past years in the maritime provinces because of a lack of fulfilment of the promises of confederation, no matter how much unwarranted ill treatment there has been of the maritime provinces by the central provinces of Canada, there are to be found in the maritime provinces people without

number who are prepared to stand by confederation and do everything they can to bring about betterment in the conditions of this country.

We have sacrificed much in the maritime provinces and about ten years ago this burden became so heavy that an agitation was commenced for better terms. That agitation resulted in the appointment of the Duncan commission, and the report of that commission was laid before parliament in 1927 or 1928. The recommendations of this report were implemented to such an extent that the uneasiness gradually began to disappear, and I think I am right in saying that to-day that uneasiness has almost totally disappeared.

If under the terms of the measure now before the house the identity of the Intercolonial railway is to be lost and the government is to have no control over it, then I say the government is doing violence to the act of confederation and to the agreement arrived at at the London conference in December, 1866. It was because of the terms arrived at at that conference that the maritime provinces consented to come into confederation. I refer those who do not know the history of the maritime provinces to section 145 of the British North America Act. What will they find there? I shall not take time to read it all, but in substance this section lays down the reasons why Nova Scotia and New Brunswick came into confederation. The promise of the construction of the Intercolonial railway to link up old Canada with the maritime provinces is definitely set out in section 145 as one of the terms under which we came into confederation.

From that date down to 1912 there was no attempt made to run the old Intercolonial as a paying institution. Even though the freight rates were low there were years of surpluses in that period. Out of twenty-five years of service there were some sixteen years of surpluses and eight or nine years of very small deficits. Those who have used the argument in the past that the Intercolonial was the sink hole of our railway system did not know what they were talking about.

Let me go one step further in this respect. This bill gives absolute power to the board of trustees to lease any section of the Canadian National road. Up to the present time the government of Canada have never lost their hold upon the Intercolonial. I know it will be said that under the present system they have, but I contend that they have not. The Canadian National system was established in 1919 and the Intercolonial was not included in the bill which amended the 1919 act and extended the area of operation of the Canadian National Railways. Why? Because it was considered as a distinct bond of confederation and so stated in the British North America Act and in the agreement arrived at at the London conference. The London conference took place in December of 1866 and from that date until 1928—those who took part in the conference were all dead in 1928—only a very few knew just what were the deliberations of that conference. It was a complete secret, kept from the maritime provinces. Why? Because the London conference was not in all respects in accord with the conference held in the city of Quebec in 1865. It was only in 1928 that a supposed copy of the original was discovered in an attic in a parliament building in the maritime provinces. It was forwarded to London for verification and when the verification came back, the government of Canada in 1928 had a print made and placed in this book in the form in which it is to-day.

Further, let me say that the Intercolonial never became a partner either in fact or in practice of the Canadian National system. Under an order in council it is true that the directors of the Canadian National Railway Company were appointed to administer the Intercolonial railway, always subject to the government as the railway board of directors were subject to the government. In that way the government never lost its hold upon the Intercolonial railway. But to-day we are transferring all our rights, placing absolute power in the board of trustees; no, not the board but only one member of that board because, if he is not satisfied with the decision of his intermittent colleagues on the board, he can veto their decisions and do as he pleases. He has the power to lease. What do we in the maritimes fear under that power? For years and years the Canadian Pacific has been looking for running rights over a part of the Intercolonial and a subsidiary of it from Saint John to Halifax. The Canadian Pacific Railway in 1929 demanded from the railway commissioners under the Railway Act that all freight originating east of Moncton and destined to points in the west touched by the Canadian Pacific, should be handed over to that railway at Saint John. That case was fought out with the result that while they did not succeed in having Saint John as the point of transfer, they did succeed in having Ste. Rosalie junction as the point at which the Canadian National would have to transfer its freight destined to points in the west touched by the Canadian Pacific. You talk of undue competition on the part of the Canadian National Railways as against the Canadian Pacific. What could you call that

attempt to grasp from the government railway freight that originated in its own district and at points distant hundreds of miles from the Canadian Pacific? What I fear and what many more people in the maritime provinces fear—and I think we are justified in having that fear—is that this board of trustees, having the power to lease, may be induced to lease that part of the Intercolonial from Saint John to Halifax. Then what will happen? All freight originating east of Moncton including Prince Edward Island, will be carried over the lines leased to the Canadian Pacific via Saint John and on to the west, and that part of the Intercolonial railway, the location of which was made at the demand of the home government for strategic purposes, will be nothing but a branch line from Moncton to a point known as Levis on the river St. Lawrence and perhaps further on to Ste. Rosalie junction. What will become of the pledge of confederation under which the maritime provinces entered the union? What will become of the interests of the maritime provinces? If such a change arises—and I say it can arise and there is nothing under this measure to prevent it—not only will it make of the northern section from Moncton to Levis or Ste. Rosalie junction a branch line, but it will close out every bit of the work at Moncton, a city that has become one of the finest in the Dominion of Canada, a city that has prospered and been the centre of railway repairs, construction of locomotives and so on for the last thirty or forty years. The doors of that place will be closed and hundreds upon hundreds, yes, thousands of men will be thrown out of employment because, since we shall have to look after only the northern section of the old Intercolonial, it will not be necessary to keep those machine shops going any longer.

Mr. SPEAKER: The hon. member has spoken for forty minutes.

Mr. VENIOT: Would it be possible for the house to alow me five minutes more? I wish to submit a proposition.

Some hon. MEMBERS: Go ahead.

Mr. VENIOT: I wish at this point to make a suggestion to the minister and I feel I need not plead with members from the maritimes on both sides of the house. I know they understand the situation and they will use whatever influence they have to induce the government not to allow this matter to proceed as I have shown it may. I am going to suggest to the minister the following:

Notwithstanding anything in this act contained the board of trustees shall not lease, or formulate any policy affecting the Intercolonial railway, without first submitting same to the consideration and approval of the governor general in council.

That is a rough draft, but it may be put in better shape. In order to allay the uneasiness which prevails in the maritime provinces I would ask the government to consider this proposition seriously and see if it is not possible for them, when the bill is in committee, to introduce an amendment to this effect.

I have just one or two other remarks to make and I hope the house will grant me the indulgence of listening to me although I hate to go beyond the limit of time. I have already referred to the board of trustees and their powers. I cannot support that clause in the bill; in fact, on that account I may be driven to vote against the measure on its second reading; but if I am driven to do so, nevertheless I wish it to be understood that I agree with the object of the bill in attempting to bring about such economies as will once more place the Canadian National Railways on a proper basis.

In connection with the arbitral tribunal I am irrevocably and unalterably opposed to any coercion. Coercion is not a democratic principle; it should find no place in any legislation of this house. The railways have in the last two years by voluntary cooperation saved millions of dollars. The minister has told us that the Intercolonial alone has saved us, I think, $44,000,000 in the last year or so.

Mr. MANION: That is not quite correct. It was a policy of economy amounting to $44,000,000 for the whole system.

Mr. VENIOT: For the whole system; that is what I mean.

Mr. MANION: I am sorry. I thought the hon. gentleman said the Intercolonial.

Mr. VENIOT: No, I meant $44,000,000 for the whole system, and I am glad that the minister gave me the opportunity of making that plain. How much has the Canadian Pacific Railway saved in operating expenses? That is not yet known to the public, but it is reasonable, Mr. Speaker, to suppose that the Canadian Pacific has made a corresponding saving, and if that is the case, why should we be so pessimistic? Our Canadian National Railways in one year, together with the Canadian Pacific, made a saving of from $60,000,000 to $70,000,000 at a time when depression was rife throughout the whole world. The Canadian National also had to its credit in 1932 a surplus of $10,000,000. So I cannot see why

we should be so pessimistic about the railway situation. The Prime Minister, however, in his speech was very pessimistic, and right on top of preaching the pessimism he did he suggested that it might be necessary in the near future to have a plebiscite on amalgamation. I hope that the Prime Minister's pessimism when he denounced the railway situation was not preparatory to placing the principle of amalgamation before the people of Canada.

Mr. E. C. ST-PERE (Hochelaga) (Translation): Mr. Speaker, the crisis through which we are passing embraces among other economic and social disturbances which it has brought about one known as the Canadian railway dilemma. Popular clamour, protests from various important corporations and demands of boards of trade induced the government about a year ago to refer this so important question of the national railways to a royal commission. I regret that such a question should have been submitted to a commission of men who are not responsible to the government of this country, instead of being referred to a special select committee of the house.

Within the last few years it seems to be a foregone conclusion that such commissions have always a set political purpose in that they relieve the government of responsibilities incumbent on them and afford an opportunity to party politicians to burden such a commission—appointed to study or administer certain public services—with the sins of omission or commission chargeable to the government when the reckoning day arrives.

The royal commission undertook the study of a difficult problem and among the causes of our railway embarrassment it quotes the following:

> The over-development of railways beyond the immediate needs of the country.

There is no need of making a deep study of the history of Canadian railways to discover that this over-development of railways, beyond the immediate needs of the country, was never prompted by our present requirements, let us, however, recognize the fact here in the house where we have to assume responsibilities, let us wisely admit it, this over-development must be attributed to the fact that certain large companies or corporations, with no intention of helping the country while operating the railways, took up this work because of the profits they would derive or for purely financial ends; it is now incumbent on us, we from the various provinces, to foot the bill for the most pernicious of all these large undertakings.

We were told that the Canadian government of that period assumed a great burden. In order that the house may be well informed, let us remember that Quebec represented at the time—I am not playing politics—by Sir Lomer Gouin's government, had refused to endorse the liabilities of the Canadian Northern Railway and that to-day that province of which I am a representative, is called upon, as all other provinces are, to foot the bill of our national railways. We are in Quebec at times too reticent in expressing our views on practical matters. Notwithstanding the fact that it had refused to participate in this huge expenditure and that it is forced to-day to contribute like others to the national deficit, Quebec was always the worse treated when it was a question of railway favours. Help was long in forthcoming.

The report further states:

> Aggressive and uncontrolled competition between two nation-wide railway enterprises, a competitor the more disastrous in that one of the competitors was publicly-owned and supported by the full resources of the dominion.

I wonder whether by emphasizing the words "supported by the full resources of the Dominion," it would be possible to have this parliament adopt a bill which to my mind, would be equivalent to a merger in the near future of our Canadian railways. This uncontrolled competition between all railway companies became so evident on the other side of the line among the two hundred railways which span the country in all directions, that the United States railways themselves applied for permission from the Inter-State Commerce Commission not to merge but to be consolidated into four main railway systems which are not at present a burden to the country like ours are, but which nevertheless are a burden to the bondholders of these railway companies.

The Esch-Cummings Act allowed these railways to consolidate, however, what is most strange, is that the only trouble which arose came from Mr. Loree, president of the Delaware and Hudson Railway Company, and a member of the royal commission which the government appointed to study the problems of our railway systems. Further the report states:

> The reactions of the world trade repression which began in 1929 and has progressively increased in its severity with each succeeding year.

The commission wished to convey thereby that the international system of cooperation that we have always advocated, we the Liberal party in the house is, properly speaking, the only means of solving the present problem.

Again further the report states:

Competitions from other forms of transport, notably road transport.

Those who have studied the competition being waged between transportation companies will be very glad to learn what General Atterbury, president of the Pennsylvania Central had to say on this subject, on December 18, 1932. I shall read the English text so that my compatriots who are all versed in that language, will dispense with me translating it and also that my English speaking colleagues be immediately apprised of the views of General Atterbury who, as we are all aware, carries much weight.

"I believe," he said. "that the motor bus can and should be coordinated with the railroad to the mutual advantage of both and wth benefit to the public.

"Operated in a service supplementary to that of the railroad, it has a real place in the transportation of the future. It will replace unremunerative local trains, serve as a feeder of the railroads and speed up through service by making possible the elimination of numerous stops by long distance trains. Our company has already begun to put this into actual practice by taking a financial interest in bus lines and coordinating their service with our train schedules. We have found these bus lines to be paying investments.

"We are doing the same thing in trucking. Motor transportation is best adapted for short hauls, railroad transportation for long hauls. We are using trucks in place of local freight trains and already freight is being moved direct from shipper to receiver without rehandling, through the use of detachable truck bodies hauled by motor to the railroad at the point of origin and again by motor from the railroad at the point of destination.

"We can carry the loaded truck body from city to city by rail for much less than it costs the trucker to move it over the highway. If the railroads act intelligently they will give to the motor industry their terminal deliveries and the motor industry in turn will find it the part of intelligence to give to the railroads the long hauls."

As one may note, this problem of road transport competition can be solved.

Inelasticity of freight rates and railway practice generally which prevents prompt action in the meeting of falling revenues and dealing effectively with competition from other forms of transport.

As we are all aware, sir, the question of freight rates is under the jurisdiction of the Railway Commission of Canada. Did the commission which held the inquiry, in pointing out this new cause of the present railway embarrassment, wish to convey to us that we should amend the Railway Commission Act?

The sixth cause mentioned in the royal commission's report reads as follows:

Contractural arrangements with labour organizations which set up a rigid wage scale and inflexible labour practices generally.

Residing in a county where a large part of the population depend for a livelihood on our railways, may I especially refer to this question. Railway employees were in the past looked upon as the aristocrats of the working classes, however, I wish to state that, within the last few years, they do not deserve this cognomen. During the present crisis, their wages were reduced and the number of those who were suspended is very considerable. First, allow me to quote from United States railway statistics. In 1926, there were in the United States 1,801,180 railway men drawing in wages $2,990,441,936, namely, an average yearly salary for each, of $1,656. In 1929, the number of employees was reduced to 1,686,789 and their total wages amounted to $2,941,000,000. In 1931, the number of employees was reduced to 1,285,000 and wages to $2,150,000,000.

At the recent Chicago conference, where American and Canadian delegates were present, another cut in wages amounting to $210,000,000 was agreed upon. With reference to Canadian railway men may I quote from statistical records which I have just received this morning from the Bureau of Statistics: the largest number of employees registered, in June, 1929, was 201,056, and the number of those at present working on our railways decreased by 90,127 in 1932.

We can therefore state that the situation of railway employees is at present more than critical.

Are we going by a systematic reduction of expenditures to throw out of employment a larger number of men whose wages contribute to the city's welfare in the various sections of Montreal as well as in other cities of Canada.

Some hon. MEMBERS (Translation): Hear, hear.

Mr. ST-PERE (Translation): Are we going to destroy, through an exaggerated and systematic reduction of expenditures in various services in order to solve this abnormal problem, the purchasing power of our workmen?

The railway men have addressed to parliament and to each member of the house a memorandum requesting an equitable representation in all services of the Canadian

National Railways and in all arbitration tribunals should this bill be enacted, a just and equitable representation of their various organizations. I approve, without restriction, of this memorandum.

I approve of it because it is couched in moderate terms and contains, in my humble opinion, fair distributive measures. One may object, that those suffering hardships in other industries are not given the same advantage to address to parliament requests which they consider just and reasonable. That is, sir, a deplorable fact. In principle, I am a unionist.

If our people insisted on having measures of distributive justice, such as various workers' organizations worthy of that name, have, heretofore, put into practice, to-day, there would be less unemployed depending on the dole.

I cannot, sir, accept or vote in favour of the bill under consideration. Part I is equivalent to the curtailment of certain constitutional rights; it also includes the privilege—more than a privilege—namely, the exclusive right of trustees not to submit to the house their budget. Our constitutional rights will only be recognized, according to this section of the bill, the day when this triumvirate acting as dictators will request parliament to foot the bill of the deficits which may result from their ignorance or poor railway management.

Part II of the bill contains the principle of co-opertion. It adds but little to the rights of the working classes. Very little consideration is given to the recommendations of labour unions and mention is hardly made of them, as we may judge by the following:

> The national company, for and on behalf of itself and/or any or all other of the companies and other elements of which National railways as defined by this act is composed, and the Pacific company, for and on behalf of itself and/or any or all other of the companies and other elements, of which Pacific railways as defined by this act is composed, are, for the purposes of effecting economies and providing for more remunerative operation, directed to attempt forthwith to agree and continuously to endeavour to agree, and they respectively are, for and on behalf as aforesaid, authorized to agree, upon such cooperative measures, plans and arrangements as are fair and reasonable and best adapted (with due regard to equitable distribution of burden and advantage as between them) to effect such purposes. They are further directed that whenever they shall so agree they shall endeavour to provide, as part of such measure, plan or arrangement or otherwise, for a fair and reasonable apportionment as between the employees of National railways and Pacific railways, respectively, of such employment as may be incident to the operation of such measure, plan or arrangement.

[Mr. St-Pere.]

I think, sir, that instead of inserting in that section the words "to strive to include" the words "shall include" should have been inserted, so as to afford our railwaymen a further guarantee that their rights of seniority would be recognized. It is useless to further emphasize this point. The hon. member for Gloucester (Mr. Veniot) who just preceded me in this debate has fully vindicated that right.

Part III of the bill, sir, constitutes a real danger for the constituency which I represent. As this riding includes railway headquarters and terminal stations were we to adhere to the decisions of this arbitral tribunal, our workers whose rights are in no way protected, would have no voice in the decisions arrived at with reference to the management of this department of the Canadian railways. Property owners who have built houses in the neighbourhood of terminal stations and who depend largely on the wages of railwaymen to meet the payments of mortgages and municipal taxes would find themselves, under the circumstances, unable to put in claims with the Railway Commission; at present, this is the only safeguard that their rights will be protected. This phase of the situation affects not only property owners located in this part of my riding but also merchants who depend on the purchasing powers of these workmen.

This clause in connection with enforced co-operation would give our railway companies a right to the granting of which I have always been opposed in the house: namely, the use in common of the Rouen St. elevated line, as this would greatly depreciate the value of real estate in the Prefontaine ward.

When the people of Hochelaga elected me as their representative in this house, in 1921, my mandate was to use my own discretion in approving or disapproving of measures submitted to the house; however, one thing that I have not lost sight of, was that they gave me besides definite instructions to protect their private interests, when these were assailed in the house.

I shall close my remarks, sir, by this sound argument. This government can, without this act, reduce the expenditures of the National Railways by decreasing the number of directors. I have never had much confidence in the efficiency which the number of directors brought to the management of the Canadian National, ever since 1922; however, I request that the number of directors be more than three, and that the large Canadian labour organizations be represented.

I have no intention of suggesting any particular person to represent these labour organizations on the board of directors. I leave it to the discretion and wise co-operation of those who are at the head of these movements to choose their representatives.

Mr. Speaker, I shall vote against the second reading of this bill because I find in it no suggestion which can be formulated into a workable measure. I shall not support the measure because, as I mentioned a moment ago, the enactment of a number of its clauses would signify, for the constituency I represent and the section where I reside, a complete financial and economic disorganization.

We are sent to this parliament to legislate wisely, with a free mind. I should like to see this parliament adopt a measure allowing our railways to compete with one another, not an exaggerated but a reasonable competition. Where are we to find this superman, this Chairman of the Board of Trustees which would apply, to the management of our national railways, this practical system which would relieve the present situation? The Atterburys, Harrimans, James J. Hills, Scullys, Van Severingens and others of such administrative ability are scarce in Canada. Why not leave the management to those who are, at present, at the head of our railways, to those officials of the Canadian Pacific who have been chosen by the board of directors, to those men of experience of the National Railway who, having started at the bottom of the ladder, have, to-day, climbed to the highest posts in our railways. The Grant Halls, Hungerfords, etc., notwithstanding what may he said to the contrary, have more experience, more practical knowledge of railway matters than those supposed experts that the government might appoint to manage the national railways. Are we going to brand as incompetent those who have grown up in this railway atmosphere, and have become, to-day, presidents or vice-presidents, after having started as call boys, yard foremen, etc.? Let us discuss railways! Let us not give ourselves up to absurd notions, absolutely devoid of practical sense. Our railways must be managed by railway men. It does not behoove a lawyer, a doctor etc., without experience, even a great politician to substitute himself to those whom experience has formed and trained, who can solve the particular intricate and important problem of our Canadian railways.

Mr. BARRETTE (Translation): What about Mr. Beatty?

Mr. ST-PERE (Translation): He is an excellent man.

Mr. BARRETTE (Translation): He is a lawyer.

Mr. ST-PERE (Translation): He was trained in the school of the Canadian Pacific Railway, in railway matters.

Mr. PARENT (Translation): He has not practiced law for twenty-five years.

Mr. MERCIER (St-Henri): He will railroad you.

Mr. BEAUBIEN (Translation): He is a good lawyer because he does not practice his profession.

Mr. LAFLECHE (Translation): Mr. Thornton was also a good lawyer.

Mr. ST-PERE (Translation): It was Disraeli, I think, who once stated that he deplored the fact that certain statesmen inserted in debates of major import not political questions, but "petty politics." The right hon. Prime Minister (Mr. Bennett) to whom I always closely listen, a man whose knowledge I appreciate, quite recently, in the house, fought shy of this question: he endeavoured to prove that the responsibility of the present situation could be traced to the Liberal party, he insinuated that Sir Wilfrid Laurier had shown a lack of foresight. Lack of foresight, the man who, by building the transcontinental, brought prosperity to that section of Quebec, so rich in resources that the Rouyn district is surnamed the great gold producing area, whose soil encloses all the wealth of the Pre-Cambrian epoch! Lack of foresight and vision, he who opened up to settlers part of Northern Ontario where, I am pleased to state, my compatriots are highly thought of and co-operate with their English speaking fellow citizens to spread the bonne entente and prosperity!

Some hon. MEMBERS (Translation): Hear, hear!

Mr. ST-PERE (Translation): Let us, at least, cease to burden one man or a few with all the responsibilities that governments must, as a whole, recognize as theirs! Let us not lower the debate to such trivial considerations, but let us place this question on a higher level, and as true Canadians, let us endeavour to solve it, by having recourse to means worthy of practical men who have to face a difficult situation.

Mr. Speaker, for the reasons just mentioned, I shall vote against the second reading of this bill.

Mr. THOMAS REID (New Westminster): Mr. Speaker, I would like to say a few words on the railway bill now before the house. I believe this is one of the most important bills that has come before this parliament, at any rate since I came here in the fall of 1930. I am glad in view of its importance that the bill has been discussed in a non-partisan way. I am, however, surprised at the attitude of some hon. members who seem to desire to dispose of it hastily. From what I have heard in the house I believe this bill means the end of public ownership of Canadian railways and the setting up of a new system in the conduct of railway affairs in Canada. If I am correct in that view then I think the house may well give ample time to the consideration of such a measure. It is not necessary for me to cover the ground already covered as to the history of the railways, the debt, and the coming into being of the present Canadian National Railways. That has been amply covered not only in this but in previous debates when railway matters were under consideration. But in connection with the debts of the railways I think it is hardly fair just to quote figures. We must not forget that the times when these railways were built were times of prosperity. They were the days of the development of our country. Surely some credit must be given for the development of this country of ours. I am frank to state, Mr. Speaker, that had the development of Canada been left to one railway, the Canadian Pacific, many districts that now are peopled would have remained undeveloped, and Canada would not have progressed to the extent she has. In passing I should also like to say that Canada, like no other country, relies almost entirely on railways and is dependent to quite a degree upon transportation. Our great wheat fields are farther from the seaboard than those of any other country. The average haul in the Argentine is 210 miles; in Australia 218 miles; in Russia 350 miles and in India, another great country, 550 miles. In Canada our wheat fields are about 900 miles from the central provinces to the east and from 600 to 700 miles from the western coast. As Mr. Hungerford has well said, we would have had no community growth in Canada without the railways. In the Canadian railways we have one of the finest and most efficient railway services in the world, and when I say the service is efficient I am not thinking particularly of the de luxe trains. I am thinking of the fast freight and passenger services that are given, and I venture to say that if it had been left to one railway, the Canadian Pacific, we would not to-day have been able to travel across the continent in some four and a half or five days; probably it would have remained at seven days. Mr. Beatty himself admitted that this efficiency was due to the competition of the Canadian National.

[Mr. St-Pere.]

With regard to competition I should like to refer also to one remark made by Mr. Hungerford which I believe should be borne in mind. Addressing the Duff commission Mr. Hungerford said that competition in railway service in Canada affected only 25 per cent of the mileage, and that the remaining 75 per cent was non-competitive. I believe that should be taken into consideration in dealing with this question. At page 953, immediately following Mr. Beatty, Lord Ashfield said that the competition of the Canadian National Railways had the effect of providing an unexcelled system of transportation for the Canadian people. It is true that the railways are not as prosperous as they should be or as we would like to see them, but what railways or what businesses are prosperous? The people themselves are not so prosperous. I think we all agree that what the railways need to-day is trade and tonnage. The lack of freight has contributed in large measure to the deficits shown by our railways, and in passing I might mention that the daily bulletin issued yesterday by the bureau of statistics states that freight traffic is about ten per cent less than it was in 1931. I do not think there is any question, Mr. Speaker, but that the lack of freight has brought about the problem with which we are now faced. I need only refer to the Duff commission, who said very plainly:

> In so far as the position of the Canadian railways is the result of the depression in world trade, they have merely shared the general fate of most industries and of railways in other countries. In the United States of America the recession in railway earnings did not appear until 1930, but by the end of 1931 the net operating income of the Class I roads had fallen from $1,395,348,471 to $662,314,465 (more than 50 per cent), which is greater than the reduction shown by the Canadian Pacific Railway Company.

If we had the trade of 1928 or 1929 I doubt if the present administration would have dared to introduce the measure now under discussion. Advantage is being taken at the moment, I think—and I am only giving my own views—of the opportunity to eliminate the competition of the Canadian National, not the competition of the Canadian Pacific. As Mr. Beatty said in outlining his proposals, the only alternative to those proposals was com-

petition, but Lord Ashfield stated that if you secure advantage through cooperation you eliminate competition. There are various kinds of competition, Mr. Speaker, and I believe the competition we have had in Canada with one privately owned and one publicly owned railway has proved to be the ideal system. It prevents a private corporation from securing a full monopoly, and that applies to the state as well. The one railway in competition with the other has been said by leading railway men throughout the world to be the ideal system for a country such as Canada.

We hear a great deal with regard to competition from trucks and ships. I would like to state in passing, Mr. Speaker, that we should take more interest in the competition from ships on canals. We have spent hundreds of millions of dollars in developing the canals which are used by ships from all over the world, which do not pay any toll for the use of those facilities. The trucks I realize present serious competition, but at least they contribute something to the revenues of our country. If hon. members would look up the amount of freight transported on the canals they would realize that this competition is more serious to the railways than is the competition from trucks. The other night the senior member for Ottawa (Mr. Chevrier) quoted the figures; he stated that the tonnage carried on the canals had increased almost in proportion to the decrease on our railways. This competition, as I say, should be noted, because it is making serious inroads on much of the traffic which could be handled by our railways. In spite of the fact that the country has spent millions of dollars in the development of the canal system these ships do not pay anything for the use of these trade routes or waterways.

In passing, Mr. Speaker, I should like to voice a little criticism of the St. Lawrence waterway proposal. I do not believe this should be proceeded with at this time, because in my opinion it would only provide more competition and less trade for the railways, and further we do not require more electrical power at present than is supplied by existing services. I believe that it would be wrong to go ahead with that project at this time, and I think the government would be well advised seriously to consider this matter. When we speak of the money that has been spent not only in constructing but also in purchasing railways it would be well for hon. members to look at the money that has been spent on the canals of this country. Many of those expenditures were just as foolish and in many cases just as tragic as some of the expenditures made on railway lines.

For a few moments now, Mr. Speaker, I should like to deal with some of the speeches made by Mr. Beatty, not only those made before the Duff commission but also those made since the bill was introduced in the Senate. I should like to draw this to the attention of the house:

First of all, however, I would say that in my opinion the present bill is based on what I would call the Beatty and the Thornton proposals; it is almost along precisely the same lines as a bill that was presented by Mr. Ruel and Sir Henry Thornton.

With reference to Mr. Beatty, I would like to discuss for a moment his attitude towards one section of the bill, namely, with regard to the tribunal. It does seem strange to me that he should travel throughout the length and breadth of the country speaking against the setting up of this arbitral tribunal, because when he appeared before the Duff commission he seemed to be, and as a matter of fact was, I believe, in favour of it. At page 955 Lord Ashfield asked Mr. Beatty whether he thought the tribunal should deal with services and rates or whether there should be two separate tribunals. Mr. Beatty replied that it was immaterial so long as the tribunal was properly constituted. Then Sir Joseph Flavelle asked him this question: If a separate board was set up, should it be named by the government, and his answer was yes. Sir Joseph Flavelle then said—and this is very important—that Mr. Beatty's suggestion would mean one system of railways in Canada for all time to come. Now the more I think of this bill, the more I hear it discussed, and the more I delve into the proceedings of the Duff commission, the more firmly convinced I am that the bill is the beginning of one railway system in Canada for all time to come. Just what Mr. Beatty's idea was in going throughout the length and breadth of the country opposing the tribunal, after discussing it and practically approving it before the Duff commission, I am not at all sure. Personally I believe that there are one or two reasons for his doing so. For one thing, I believe that the opposing of the tribunal publicly by Mr. Beatty was just so much eyewash. He knew or believed that the government was going to set up a tribunal. It had been previously discussed, and he probably thought that if he opposed this publicly the people would think that there was some good in the tribunal and so parliament would adopt it without much opposition. The other reason, I believe, was this. He probably thought that his opposition

would serve as a sort of smoke screen for something else contained in the bill.

I refer to part I of the bill, which I think is the most important part of it, because it deals with the three trustees. It deals with the setting up of the board of trustees, the powers of the men who compose the board, how they are to deal with the Canadian National Railways, and so on, and that I am convinced is the most important part of the whole arrangement with regard to the handling of the Canadian National system. I believe it was Christ who said, with reference to the ten commandments about which he had been speaking:

> On these two commandments hang all the law and the prophets.

I would say that on this part of the bill hang all the law and the prophets, but I would spell prophets "profits." Let us examine what part I provides in regard to the trustees. Subsection 2 of section 4, under Part I, provides:

> One of such trustees shall be their chairman. He shall devote his whole time to performance of the duties of his office, and shall not be an officer of any company other than a company which is comprised in national railways, and shall not during his tenure of office as trustee become a director of any company other than a company which is comprised in national railways of which he was not a director at the time of his appointment.

That is a wise proviso, that the chairman shall not be associated with any other railway than the Canadian National system. But it is different with the other two; there is nothing in the bill to ensure the appointment of one or the remaining two trustees who, if not connected with the Canadian Pacific Railway or some other railway, might be more sympathetic to the Canadian Pacific Railway, and I suggest now to the government in all seriousness that there should be a provision to the effect that no trustee shall be in any way connected with the Canadian Pacific nor shall have any stock or shares in that company, because I cannot help thinking that when men have invested a considerable sum of money in stocks and bonds one must naturally say of them, what the old book says, that where their treasure is there will their heart be also.

I realize that it is difficult at this late stage of the debate to introduce any new point, or anything that has not been already covered, but I would like to deal for a few moments with some other phases of the bill, and in this connection I would point out that the bill follows quite closely the recommendations of the Duff commission report except

in one particular. I was interested to hear the Minister of Railways, in reply to an hon. member who was speaking, make the statement about something in the bill, to which reference had been made, that it was in accordance with the recommendations of the commission. Well, when they were following out the recommendations of the commission I am surprised that they did not follow them all, because one of the recommendations, with regard to the powers of the arbitral tribunal, reads, at page 66:

> The powers of the arbitral tribunal shall be capable of being invoked by either railway or by the dominion or any provincial government.

I believe that in omitting this recommendation the bill leaves out one of the most important recommendations of the commission, in fact the only remaining link between the railways and the people of Canada, through either the Dominion government or the provincial governments. I cannot help thinking that if the bill passes in its present form—and that is how we must view it at the moment—the control of the railways belonging to the people of Canada will be gone forever, and public ownership in the Canadian National Railways will then be at an end.

Let us examine, however, this recommendation carefully, and frankly, I am opposed to dictatorship in any form, whether in railways or government or business or anything else; I am absolutely opposed to the principle of a dictator. When the commission deemed it wise to insert that provision which I have just read, I suggest that the government should seriously consider putting that clause into the bill, so as to leave some power to the government, either provincial or federal. If that were done, in the event of things not working out right, or in the event of any injustice being done the people, then the people could come to the government and ask that they be heard. Almost every other suggestion made by the Duff commission has been followed; read the bill through and you will see that almost in toto the conclusions set forth in the report have been followed. You will find provisions with regard to budget, annual report to parliament, audit, cooperation between the railways, constitution of the arbitral tribunal, and so forth. Every one of them is embodied in the bill, but when you come to the suggestion that the powers of the arbitral tribunal should be capable of being invoked by either railway or by the dominion or any provincial government, you find this highly important recommendation omitted, leaving entirely to the railways the sole right of appeal.

Is there any reason at all why the people of this country should be debarred from being heard? If the bill passes in its present form there will be no use in their coming to parliament because parliament will be dissociated from railway matters entirely. In fact, I do not believe that we shall need a Minister of Railways after this bill goes through; his duties will be very much lighter than they are at the present time at any rate. His activities would be much less than they are at the present time because the three trustees would handle the operation of the entire Canadian National railway system.

How will this political tribunal work out in practice? What will happen when both railways agree to abandon, say one hundred miles of main line or other track? In case of agreement the arbitral tribunal will not of course be consulted, the abandonment will simply be put into effect. If one railway suggests to the other that a certain line of track should be cut off and the other railway does not agree, then it will come before the tribunal where it will be left to one man to decide. What of the people affected? What of the towns which will have to be abandoned? They will have no right to come to parliament and be heard if this bill passes in its present form. The most important clause of all, and the one which would enable them to be heard, has been left out, the only clause which would have provided a link or connection between the people and this parliament. I maintain that such an omission is very serious. I might state that Mr. Beatty proposed that five thousand miles of track could be abandoned while Mr. Loree thought that ten thousand miles could be abandoned.

Are hon. members fully aware that Mr. Beatty stated that an agreement had been arrived at between the officers of both companies to the effect that 1,582 miles of line should be abandoned? If hon. members will read the report they will see that such an agreement was arrived at. The Prime Minister and the Minister of Railways have both stated that this bill does not mean amalgamation, but if an agreement to abandon 1,582 miles of line has been arrived at, and carried into effect what else can it mean? Surely the government is not going to set up a dictatorship especially in the face of the statement by Mr. Beatty that it has been agreed to abandon 1,582 miles of line.

We have been told that we should treat this bill from a national and not from a sectional point of view. But when I see by the report that certain mileage in British Columbia is to be abandoned, and that the Port Mann shops near New Westminster need not be used and that the elevator which I discussed the other night is also going to be sidetracked, and that the city of New Westminster will also be isolated, can I be blamed for rising and protesting against this bill? After all, can we entirely dissociate sectionalism from our debate? Are we not elected on sectionalism? I believe that I was elected primarily to represent the people in the constituency of New Westminster and so must look after their interests; therefore I am taking strong exception to the bill.

For the remaining few moments I should like to deal with what may be expected to take place in British Columbia should this bill pass in its present form. In case the Minister of Railways takes exception I may assure him I cannot speak for the whole of British Columbia, but I shall speak only for my own constituency. If the recommendations of the report are carried out, my section of the country will be affected. I should like first of all to go back into the railway history of British Columbia. Before entering confederation, British Columbia was promised a railway, but it was necessary for that province to send a man to London to interview Queen Victoria before the then Dominion government would come through. The Canadian Pacific was then induced to construct a line through to British Columbia. Although a very excellent route had been chosen by the government they decided to take a shorter but more difficult route through to the coast. They constructed their line through Kicking Horse pass instead of through Yellowhead pass which is some 1,600 feet lower. After completion the Canadian Pacific adopted a very high attitude in connection with freight rates and so in 1910, the people of British Columbia having raised such an agitation against the Canadian Pacific Railway, the government of that day—I believe Sir Richard McBride was premier—decided that it would be wise to have another railroad in competition with and to hold down the Canadian Pacific, and so the Canadian Northern was constructed. Certain guarantees were given by the province which, as the Prime Minister has said, were taken over by the dominion but I believe that we lost considerably by the Dominion government taking over these guarantees. The government of British Columbia intended to use this railroad as a lever against the Canadian Pacific and as a competitor and so they enacted legislation that they the province were to have full control over the regulation of freight rates. When the railway was completed it was taken over by the Dominion government, and the provincial government lost that control

and had no further powers or rights to regulate rates. Freight rates were then put under the Board of Railway Commissioners and so we were still under the domination of the Canadian Pacific. That company always argued against a reduction in freight rates and although British Columbia has protested since that time that company's rates has always been used as the yardstick in the discussion of freight rates, about which British Columbia has spent many thousands of dollars.

The Canadian Northern was built over one of the best grades in the Dominion of Canada. It runs over a low water level grade of some four-tenths of one per cent as against the grade of the Canadian Pacific which is as high as two and a half per cent in many places. In hauling wheat from the prairies to Vancouver, one engine on the Canadian Northern can draw three times as many cars as a similar engine on the Canadian Pacific. The same thing applies with trains coming east from Vancouver, either with empties or loaded cars. An engine coming from Vancouver to Edmonton via the Yellowhead pass can draw three times as many cars as an engine on the Canadian Pacific from Vancouver to Calgary via the Kicking Horse pass.

It is now proposed, Mr. Speaker, that the Canadian Pacific obtain the use of the best grade through the mountains, and according to the proposals made all traffic from the east shall go over their line from a point seventy-nine miles out from the city of Vancouver. Similarly, all the traffic from the orient, Great Britain or any country will use the Canadian Pacific tracks and terminals and run over the Canadian Pacific line as far as Hope and then branch over to the Canadian National. In my opinion the Canadian Pacific is having the best of it all the way through; it is a case of heads I win, tails you lose. What effect will this have on the territory to be abandoned? As I have stated, the Canadian National has a terminal at Port Mann. No doubt Senator McRae will be glad to see this terminal discarded because it must still be a thorn in his flesh since he got out of the scheme from which I am told he made a considerable amount of money.

Then there are the yards and ships where between 400 and 600 men will in all probability be let out. The city of New Westminster will have no railway connection. It is true that a little branch goes from there to the main line, but perhaps this will also be lifted. Then there is the elevator which was built and has close connection with the Canadian National Railway. In the abandonment of that seventy-nine miles of track, the cities and towns in the territory all the way down will be left stranded. All wheat and grain products coming from the prairies will first of all have to go into the city of Vancouver and then out again to the Fraser valley. This will add considerable more to the cost of production on the part of dairymen and poultrymen in that district. The situation is almost too serious to contemplate. Hon. members should go down and read the report and then I think they will agree with me that the proper stand to take is to vote against this bill on its second reading. It is all very well to say: We shall vote for the principle and then we shall make changes in committee. But what is the principle of the bill? I think it is evident to the house now that it will ultimately mean amalgamation if it does not mean that now. It is true that the Prime Minister has told us that the bill does not amalgamate the railways, but in a year or two that is I believe what will occur. The Canadian Pacific will then control all the traffic going into Vancouver from seventy-five miles out and they are going to abandon tracks throughout Canada. In going through the report I notice that the Canadian Pacific were to get the best of the deal all the way through. It was the poorly paying sections of railway that the Canadian Pacific were to abandon and all the best paying portions the Canadian Pacific are proposing to be taken over and controlled by them.

I protest very seriously against this being done. I intend to vote against the second reading of the bill and I ask all hon. members to read, as I have, the statements which were made before the Duff commission. I believe those who are interested and who have sections that are going to be abandoned will act and vote against the bill the same as I intend to do.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, my first words will be to thank the Minister of Railways (Mr. Manion) for what he said the other day, as follows:

> We will welcome suggestions from any part of the house with regard to contributions as to details.

And in order to be polite I shall also thank the Prime Minister (Mr. Bennett) who said:

> If constructive suggestions are offered from any corner of this house, the government will consider them on their merits, and they will be either accepted or rejected as they are considered sound or unsound.

The hon. member for Stanstead (Mr. Hackett) said that the government should be supported at all costs. These are his words:

These are times when I believe a government should be upheld, steadied and supported, almost at any cost.

It is a very good thing that the hon. gentleman is not Minister of Railways and I understand the ex-Minister of Labour (Mr. Heenan) told him that he was sorry he should speak in that way. Our motto should be: "Salus populi suprema lex." The hon. member for Queens-Lunenburg (Mr. Ernst) said on another occasion:

I am afraid, Mr. Speaker, that if the legislation goes through as the bill now stands many members will come back here at the next session regretting having so voted.

As I do not intend to have any cause for regret, I shall vote against the bill.

One has indeed a high regard for most of the commissioners, but who represented the good city of Toronto and the business men of Ontario? These are the words of the Prime Minister:

Certainly Sir Joseph Flavelle will, by the common consent of all who know him, be regarded as one of the foremost business men this country has yet produced.

He was one of the commissioners. Was he the expert who told the Prime Minister that Canada has potentialities for the production of 8,500,000 hogs by 1937, and 10,000,000 by 1942? This is the question: Was he selected to look after any possibilities of trade in hogs?

Owing to the fact that every section of the bill is to be scrutinized while we are in committee, I now intend to discuss two matters which are so closely related to the railway problem that it depends upon them for its solution. First is unemployment in its relation to the railway problem. The other day the Prime Minister said:

Human interest centres in the employees of the system only if it continues to operate, for if it does not operate there is no employment, and unless a very, very great improvement is made in conditions the system as a whole cannot continue to operate.

Later, he spoke about "default certain and positive for at least some period of time." He used the language that he used when he was leader of the opposition to paint the conditions of the country; he was painting them with a black brush. The picture is a rather gloomy one. Would it not have been apropos for him to add: "We have succeeded where others have failed." On Thursday last he said also:

I feel that the magnitude of the problem that confronts this parliament is little understood or appreciated.

This is not very complimentary to the Canadian people. The hon. member for North Winnipeg (Mr. Heaps), when he spoke in this debate, said:

The Minister of Railways claimed that the railway problem was the most important problem that we have to face at this particular time. I do not agree. I think that the greatest problem in this dominion that we have got to face at this time is the unemployment problem that is now before parliament.

An hon. member interjected:

Both problems are connected.

Mr. Heaps: I am quite ready to admit that there is a connection between the two.

What has been done with regard to unemployment relief? On September 16, 1930, the Prime Minister said:

Our tariff measure is not a general revision of the tariff, but deals only with such items in the tariff as it is believed will ensure additional employment to a large number of men and women in Canada . . . . . We have very definite assurances from the producers in this country that as a result of the action we are taking they will increase the number of men and women in their mills and factories.

Such was the expectation in 1930. At that time the total number of unemployed was 107,000. To-day the total number of men, women and children on direct relief is 1,357,562. Such is the failure in 1933. An hon. member said on February 24:

Does that include all unemployed?

Mr. Deputy Speaker: All such questions can be properly asked in committee.

With regard to unemployment may I quote what was said by the ex-Minister of Labour as reported on page 2823 of Hansard of March 8:

I have also in mind the fact that several towns along one of those lines are railroad terminals, with populations consisting chiefly of railroad employees. We built and developed our railroads, as I say, by authority of the parliament of Canada. Young men left the farms and other occupations and entered the railroad service; they were sent out to these isolated places in order to serve the people of Canada. They got married, built their little homes, their churches, schools and community halls, and now with one stroke of the pen it is intended, as I regard it, to throw these people with their wives and children and dependents into the discard.

Mr. Manion: May I offer a suggestion to my hon. friend, with all respect? He is making a lot of positive statements about what is going to happen under the bill, regarding which no one knows the outcome in the end at all.

Note that, Mr. Speaker, "regarding which no one knows the outcome in the end at all." The minister goes on to say:

I doubt if it is wise to throw the fear of that sort of thing into a lot of people at least until there is more cause than there is at present.

Mr. Heenan: If the Minister of Railways will here and now give me the assurance of the government that this will not be done, I will support the second reading of this measure.

Mr. Manion: I could not give any such assurance.

Is not that another excellent reason for voting against this bill? Therefore, Mr. Speaker, as the government cannot give the house any assurance that no more railway employees will be thrown into the discard, I cannot vote for this bill.

The railways are the arteries through which circulates the lifeblood of the nation's trade. It can be summarized in this way—the higher the tariff, the less the trade. What is needed, as has been suggested by the previous speaker (Mr. Reid) and by many others, is greater tonnage. The ex-Minister of Labour, the hon. member for Kenora-Rainy River (Mr. Heenan), speaking in this house on March 8 last, said:

> What is needed to solve the railroad problem of Canada is greater tonnage, and this could be provided by an additional flow of trade in and out of Canada.

The hon. member for Weyburn (Mr. Young) quoted from the report of the Duff commission to show that the first contributory cause of our present railway problem as found in the Duff report was this: "The reactions of the world trade depression which began in 1929 and has progressively increased in its severity with each succeeding year." The hon. member for Weyburn added:

> In my opinion that is the chief contributory cause of our present railway problem. There was no railway problem when there was plenty of tonnage; there was no railway problem when traffic and goods were moving. There is less traffic to-day because business is not moving.

The hon. member for Antigonish-Guysborough (Mr. Duff) speaking in this house on the railway situation said:

> All that is wrong with the railways of Canada at the present time, and I am speaking of both systems, is lack of business; they have not as much business as they had in the past. Give us freedom of trade; let the products of this country move back and forth over the lines of the Canadian Pacific and the Canadian National Railways. Let us sell our surplus products in the markets of the world and we shall have business for the railways of Canada not only from Vancouver to Halifax but also from these points to the central and western provinces.

The hon. Minister of Railways in his speech of last week in this house said:

> In other words, there must be international cooperation on such questions as world indebtedness, international trade barriers, and primary commodity prices.

[Mr. Pouliot.]

He also announced:

> I submit that the outlook for the railways is far from hopeless, provided always that the trustees to be appointed are careful to carry on the management in an economical manner, and provided also that there is at the same time a revival of trade in Canada and throughout the world.

There the minister himself admitted that a revival of trade in Canada was essential to the success of the railways. There was an interesting remark made by the hon. member for North Battleford (Mr. McIntosh) while the Prime Minister was speaking. The Prime Minister said:

> The point I desire to make is that we have received this as a legacy, and I think we have some right to ask hon. gentlemen opposite to give us their assistance in the solution of this difficulty. I say that for the reason that this party did not create it.
>
> Mr. Hanbury: The people of Canada did.
>
> Mr. Bennett: This party did not create it.

There the Prime Minister spoke like Pontius Pilate. The debate continued:

> Mr. McIntosh: It created the trade tangle.

I shall attempt to prove that statement, Mr. Speaker. In July, 1931, at page 3554 of Hansard, the Prime Minister admitted that at the special session of 1930 and at the session of 1931, he had altered more than one-half of the total tariff items of this country. As the Prime Minister has often repeated that he "has succeeded where others have failed," it is only fair to him that the external trade of Canada during his term of office should be compared with our external trade during the last year of the Liberal government. Here, sir, is the destructive effect of Tory dynamite on Canada's external trade from August 1, 1930, to February 28, 1933. These are official figures taken from the monthly summaries of the Department of National Revenue. Here are the imports and exports month by month, first of all for 1930, the first year in which this government was in office, followed by the figures for 1931:

	Imports	Exports
1930—		
August	—$33,724,630	—$26,974,289
September	— 11,479,647	— 6,704,897
October	— 37,912,846	— 36,484,130
November	— 32,408,634	— 38,007,461
December	— 24,027,221	— 21,700,687
1931—		
January	— 34,248,482	— 28,824,444
February	— 29,998,077	— 22,817,135
March	— 37,643,606	— 34,547,120
April	— 20,212,463	— 16,609,064
May	— 28,087,413	— 17,427,312
June	— 39,036,447	— 24,354,860
July	— 26,171,700	— 26,732,386
Total decrease	$347,951,166	$301,183,695

[1] Each month being compared with the same month of the previous year; — means less.

There was some more blasting in the second year this government was in office, followed by a continuous decrease in Canada's external trade, as follows:

Continuous Decrease of the Canadian External Trade During Mr. Bennett's Second Year in Office[1]

1931—	Imports	Exports
August	—$64,322,845	—$47,500,865
September	— 54,000,749	— 38,759,649
October	— 70,338,625	— 63,727,641
November	— 61,822,685	— 53,581,382
December	— 44,075,360	— 34,364,879
1932—		
January	— 50,522,293	— 35,140,628
February	— 45,406,076	— 30,258,662
March	— 55,636,276	— 49,846,010
April	— 41,607,543	— 23,568,363
May	— 57,183,505	— 36,666,151
June	— 50,801,876	— 37,757,791
July	— 38,840,364	— 34,046,222
Total decrease	$634,558,197	$485,228,243

[1] Each month being compared with the same month of the last year of the Liberal administration (August 1, 1929, to July 31, 1930); — means less.

Then we have the Imperial conference. On October 12, 1932, the Prime Minister spoke thus:

> In brief, I proposed that we should secure tariff preferences in empire markets for our natural products, as well as wider markets for our manufactured products, by granting in the home tariff concessions to empire manufacturers. In other words we desired to secure wider empire markets for our producers of natural and manufactured products, having regard to the relative importance to them of export trade.
>
> How far this government succeeded, you may judge by the character of the agreements to which it is a signatory.

No, it should be judged by the trade figures. There was another formidable decrease in the third year in office of this government, and especially after the Imperial conference of last year.

Continuous Decrease of the Canadian External Trade During Mr. Bennett's Third Year in Office and after the Imperial Conference of 1932[1]

1932—	Imports	Exports
August	—$75,203,662	—$54,950,397
September	— 64,875,719	— 45,564,219
October	— 79,176,672	— 62,639,463
November	— 70,964,650	— 65,123,812
December	— 55,403,943	— 46,004,559
1933—		
January	— 60,195,657	— 41,945,514
February	— 57,478,047	— 40,292,289
Total decrease in 7 months	$463,298,350	$356,520,253

[1] Each month being compared with the same month of the last year of the Liberal administration (August 1, 1929, to July 31, 1930); — means less.

To sum up the annual decrease of Canadian external trade under the Bennett government since it took office is as follows:

	Imports	Exports
1st year	$ 347,951,166	$ 301,183,695
2nd year	634,558,197	485,228,243
3rd year (seven months)	463,298,350	356,520,253
	$1,445,807,713	$1,142,932,191
Total decrease in 31 months		$2,588,739,904

It will be noted that figures for the last seven months are since the Imperial conference of 1932. This is after the great success, after the blasting of trade channels and the Imperial conference.

On March 9, 1933, the Prime Minister, speaking of the cost of the branch lines built by both railways, $1,280,000,000 said:

> Do you realize, Mr. Speaker, just what that sum represents? It represents nearly one thousand millions of dollars.

To apply the Prime Minister's own words at page 2855 of Hansard, about the railway debt to the total decrease of the Canadian external trade under his high tariff policy, $2,588,739,904, this figure "might be almost unbelievable because the aggregate is so large." It was $288,000,000 more than the total railway debt. What we have lost in trade during the last thirty-one months is more than the total debt of the country. Yet "we have succeeded where others have failed" the Prime Minister will say.

On March the 9th last the Prime Minister said:

> It is no good to say that we will repudiate those obligations. To do so is to destroy the credit of this country—

Did not he himself destroy the credit of the country with his increasingly high tariff policy?

Sinclair Lewis says somewhere that there are three languages in America: English, Yankee and baseball language. Let us speak Babe Ruth's slang to the Prime Minister:

Ball one: formidable increase in the tariff at the special session of 1930 and at the regular session of 1931.

Strike one: a notorious fiasco.

Ball two: The Imperial conference agreements of 1932. He tried to make a hit but fanned.

Strike two: Bennett on deck—swat the pill.

What next? After strike three—the general elections—out he goes. Will he before? Remove the cause you remove the effect. In case he does not yet realize it the Prime Minister must be told that the first thing to

do now is reduce the tariff to normalcy, and unless he does it at once no successful railway legislation can be enacted. Therefore is not Bill A of the Senate premature and untimely?

I have, sir, a very strong objection to the bill being submitted to committee of the whole house, because the minister did not think it necessary to go to the trouble and expense of hearing the witnesses over again. The hon. gentleman said:

> . . . it is my opinion that it is not necessary to go to the trouble and expense of hearing these witnesses over again.

First I would say that the matter of expense is only a pretext. What was the expense of hearing witnesses in the Senate? Does the minister know? Will he tell us? Was it so much? The railway debt is $2,300,000,000 a figure which "might be almost unbelievable because the aggregate is so large" according to the Prime Minister's own words. Most ridiculous! What would be a few thousand dollars of expense compared with such a formidable figure as that of the debt of the railways? If it is true that the primary duty of the house is to legislate, every member has the unquestionable right to hear any witness in order to be familiar with the facts, and all the facts, before he passes judgment on them, even if this bill is a temporary measure. Therefore I not only oppose the bill; I also oppose the motion of the minister to refer it to the committee of the whole. I am sorry to oppose the legislation introduced by the minister, but I am sure it is not exactly his legislation; I think it has been imposed upon him.

The second reason why this bill is not referred to the committee on railways, canals and telegraph lines is the fear of the government that trouble will follow. At pages 1875 and 1898 of Hansard I find that although the press of the country reported last fall that the Canadian Pacific had bought Dominion bonds to the value of $2,000,000, the Minister of Finance (Mr. Rhodes) pointed out twice on February 7 last that that company did not even indirectly subscribe to a single bond. How could that mystery be solved unless the Canadian Pacific officials and the press reporters were called as witnesses before a committee. There is much more in that. On February 7 an Italian bond issue of $51,000,000 was oversubscribed in one day, but it took weeks to subscribe the Canadian loan last fall. Why? The Canadian people have no more confidence in the leader of the government, and this is the writing on the wall. Internal trade is much less for that reason, and the railways suffer severely as a result.

[Mr. Pouliot.]

I suggest that there is extravagance in the administration of the railway, Mr. Speaker. On October 17 I placed a question on Hansard, which appears at page 251. The question, which was No. 22 was struck out, so I should like to place it on record now:

1. How many superintendents are there in the Canadian National Railways?
2. How many assistant superintendents?
3. How many special cars are at the disposal of the superintendents?
4. Is each superintendent entitled to a special car for his own use?
5. How many cooks or butlers are in charge of such private cars?
6. What is the total annual salary paid to them?
7. What is the total annual cost of: (a) food; (b) delicacies; (c) cigars and cigarettes, and (d) liquors and soft drinks paid for those special cars during the last three years?
8. To what department of the railway are those expenses charged?

The same questions could be asked with regard to the Canadian Pacific railway. On October 17 the Prime Minister rose in his place and made a statement with regard to this question and another which was on the order paper at the same time. Before putting my questions on the order paper I took the precaution of communicating with the Minister of Railways, who had no objection to the questions. The Prime Minister said:

> With respect to this question and other similar questions on the order paper, notably No. 22, it will be observed that the government is being asked questions regarding the internal operation of a railway which it does not in any sense control for the purpose of offering answers to questions such as are asked. This question obviously, from the very language of it, would in any event have to stand as an order for return and the same might be said with regard to question 22. It is quite clear that to ask the government questions regarding matters that are under the control of the railways, for instance in regard to the facilities that are offered to their own servants to discharge their duties, is something that in my judgment cannot be fairly asked and the only answer that could be made would be: The government has no information. With that answer the hon. member will have to be content with respect to questions such as Nos. 19 and 22.

Then I wrote the assistant clerk of the House of Commons on October 24, as follows:

> On October 17th instant (Hansard, p. 251), the right honourable Prime Minister made the following remarks about question No. 19: "This question obviously, from the very language of it, would in any event have to stand as an order for return and the same might be said with regard to question 22."
>
> As those questions did not stand as orders for return, I herewith enclose motions to the same effect, in accordance with the Prime Minister's suggestion.
>
> I hope that the attached motions will appear in the votes and proceedings of the day.
>
> Please answer in writing.
>
> Sincerely yours,
>
> Jean-François Pouliot.

The answer was as follows:

In reply to your letter of the 24th instant, enclosing motions that questions 19 and 22 (Hansard, p. 275) stand as orders for return, I am instructed by His Honour the Speaker to advise you that he considers the same were disposed of in the statement of the Prime Minister on October 17, which was as follows: "the only answer that could be made would be 'The government has no information!'"

Yours faithfully,
(Signed) Thos. M. Fraser,
Clerk Assistant.

Since the Prime Minister runs both ways it is hard to follow him. The Prime Minister did not deign to answer. If hon. members look at Hansard for October 11 last, at pages 74, 75 and 76 they will find the facts with regard to the over-staffing of the Canadian National, and the same thing applies to the Canadian Pacific. One article of my railway policy is that wherever possible it is in the public interest to dispense with the services of one high salaried and useless official rather than four or more good employees. In the meantime a lot of idle officials keep their soft jobs while the heads of families are dismissed.

Before concluding my speech, Mr. Speaker, I should like to say that the superman idea is worn threadbare. The hon. member for York-Sunbury (Mr. Hanson) said:

—the Canadian people ought to thank God that in these days of stress we have a superman.

This is not flattery or adulation; it is just a slight exaggeration. The Prime Minister, who perhaps conceals an inferiority complex behind a superiority complex, probably thought of this when two days later he said:

I recognize the fact that no soft words are going to solve this problem, and no criticism of high taxation will pay the bills that result from it.

Was the Prime Minister too shy to mention high tariff? No superman should be the leader of any government; the leader of a government should be human. If the Prime Minister is a superman why has the business of the country gone from bad to worse since he took office? The primary duties of a Prime Minister are many. On March 9 of this year the Prime Minister said:

These are times for plain speaking, and there is no hon. member now looking me in the face who does not know that what I say is true. I know it is as true as the fact that I am looking at hon. gentlemen opposite.

The other afternoon there was an interesting argument with regard to the primary duty of the House of Commons, but is it not high time that we enumerated the primary and elementary duties of a Prime Minister? I conceive them to be as follows: first, not to allow anyone to burn incense under his nose and call him a superman; second, to attend the sittings of the house of which he is the leader, or to resign if he cannot do so; third, to think before any legislation, orders in council or otherwise, is passed, in order not to have to repeal it later on.

I have very little time left, Mr. Speaker, and since my hon. friend from Assiniboia (Mr. McKenzie) in his eloquent speech yesterday made reference to the utterances of the Prime Minister with regard to Sir Wilfrid Laurier I will only touch on that matter in passing. The Prime Minister blamed Sir Wilfrid Laurier for our railway problem, and here is what the right hon. gentleman said in my home town, Riviere du Loup, during the last election campaign:

Mr. Bennett drew cries of "shame" from the audience when he contrasted Premier Mackenzie King with Laurier. When the United States had threatened to cut Canada off bonding privileges Laurier had declared that Canada would build two railways of her own. But when protection was asked against American imports Mr. King had said, "Hush, do not provoke the United States."

At that time Mr. King was Prime Minister and Mr. Bennett was leader of the opposition, so he had to say something disagreeable. No one has forgotten the speech delivered by the Prime Minister on November 30 last, during the course of which he invoked the memory of Laurier, the father of our country, no less than thirty times in order to excuse all the wrongs brought about by his nefarious policy of high tariff. So I think his reference to Laurier last Thursday could be described in Horace's four words, Minxerit in patrios cineres.

Thanks to the strenuous battle conducted by the Liberal party last fall the eyes of the Canadian people are open. They see the humbug of the trade agreements that were signed at the Ottawa conference, and the efforts of our party have been supported by the subsequent recommendation of the president of the Canadian Bankers' Association, backed by all the banks, that the tariff should be lowered. Our case is just as good to-day as it was then. We are fighting for our principles and for the public good; if the supporters of the government do not understand this, at least it is well known to the Canadian people.

Now I have two suggestions to make, and if they are not welcomed by the government as a whole I hope at least they will be received by the Minister of Railways. My first suggestion is that we should not increase the number of unemployed, and my second suggestion is that the tariff should be lowered to a normal height. We are living in times

of stress, and this is not the time for beating drums. Every man must be judged by his accomplishments, and when a man is incompetent, whether he be a prime minister or a janitor, he must get out. We must not make a farce of things. The future of the nation is at stake and I am tired of all the incense-burning and the drum-beating when the business of the country, the strength of the nation, is going to the dogs. Let us put a stop to it. I ask you, Mr. Speaker, is it not possible, instead of having a union government, for all men of good will to join together to expel from any position those who are unworthy of it because of incompetence?

Mr. WILFRED HANBURY (Vancouver-Burrard): I wish to join with others in complimenting the Minister of Railways (Mr. Manion) on the speech he made in introducing the bill, and on his plea that the discussion should be non-partisan and without prejudice. May I say that if I myself were a minister in the government and had a bill before the house I too would make a very strong plea to all members of the opposition to be patriotic and non-partisan, and would ask them to put my bill through without too much discussion and without prejudice.

The minister says that there is in this bill nothing that is to conflict with the platform of "amalgamation never", and I think it is a fortunate thing for the country that it has the assurance of the Prime Minister that he is going to insert a special clause in the bill which will make amalgamation impossible. The whole purpose of the bill is to join together certain services, to amalgamate; and how the Prime Minister or the Minister of Railways is going to bring about amalgamation without amalgamation is something I shall be interested in watching.

Like many other members who have spoken, I am quite in agreement with the suggestion that the president of the railway should not at the same time be chairman. I am quite in agreement that there is considerable room for improvement in the method adopted in the past in financing the railway. I am also in agreement that much can be accomplished in changing the method of auditing and to carry on a continuous audit. After I have stated my agreement in these particulars I must say that, even including the economy which is supposed to be the basis of the whole measure, I am opposed to practically every other clause in the bill.

The various ramifications of the bill are stated in legal verbiage. For my own purposes I have put in the language that we employ every day, my view of it. The bill provides for the abdication of all governmental control and all governmental responsibility in connection with the railways, to be placed in the absolute control of one man to be called the chairman of trustees, with full power to do as he wills, without restraint.

The first section provides for three trustees, two of whom have no authority whatever. Although these two trustees may be and are permitted to vote, their vote, or any other action, shall be without effect. The other trustees shall be the chairman, who shall have absolute authority in all things in connection with the national railways, without responsibility to anyone or to the government.

The governor in council will make the original appointments of trustees, and subsequent vacancies may be filled from a panel submitted by a committee, in which committee the present Conservative government have full confidence. This committee is expected to submit only such names for appointment as would continue in these offices the Conservative dynasty, regardless of what political party may be in power in Canada.

The absolute authority of the chairman of trustees will permit him, without any restraint whatever from the government or anyone else, to sell, lease, amalgamate or manipulate in any way the whole or any portion of the assets of the national company.

His authority will enable him to release or discharge, without restraint, any or all of the employees of the national company.

When this bill was first brought before the house considerable credit was given the Duff commission for what it hatched out. It is unnecessary for me to refer again to the report of the committee on railways and shipping wherein this commission was suggested. The commission sat; it spent a considerable amount of the people's money going from one end of the country to the other; it drew up its report and handed it to the Minister of Railways, and we expected some originality in the report, as well as some originality from the Minister of Railways. Certainly we thought that the Prime Minister at any rate would as usual be original. We find however that as in most cases in the history of legislation on the part of the Conservative party, this bill has its precedent—the precedent to take from the people all control over that which the people own. It is a peculiar thing that the Conservative attitude of the present government is reflected in the report of the Conservative royal commission on railways and transportation in Canada; I am referring to what is known as the Drayton-Acworth

report. The commissioners of that body were Mr. A. H. Smith, Mr. (now Sir Henry) Drayton, and Mr. W. M. Acworth.

I wish for a moment or two to refer to sessional papers 20(c) and 20(g) in volume 52 of 1917, giving the report of this commission, at page 52, and therein I wish to read bill A, which is before this house at the present time:

The trustees should be five in number. The first trustees should be named in the act of parliament constituting the board.

The tenure of office should be the same as that of judges of the supreme court,—

Now we know where the Prime Minister gets his fondness for supreme courts.

—with the exceptions hereafter noted. Three trustees—

I had wondered where we had come across those words before, "three trustees"; here they are.

Three trustees, one of whom should be the chairman, should, if possible, be men of railway experience. They should be required to give their whole time to their duties, and salaries should be fixed adequate to command the services of the best men. Of the two remaining trustees, we think it would be desirable that one should be selected on the ground of business and financial experience, and the other as specially possessing the confidence of railway employees.

I would direct that clause to the attention of my hon. friend from Kenora-Rainy River (Mr. Heenan) and for his benefit I will repeat it:

Of the two remaining trustees, we think it would be desirable that one should be selected on the ground of business and financial experience, and the other as specially possessing the confidence of railway employees. They should not be expected to give their whole time.

Again we have repetition. The report continues:

Their maximum salary might be laid down in the act, to be adjusted later when the requirements of the position became evident. Every trustee on appointment should be required to divest himself of all interest in Canadian railway bonds or stock, and should further satisfy the appointing authority that he has no other interest that conflicts with his duties as trustee.

All appointments other than those of the original trustees should be for a fixed period of seven years,—

Some more repetition.

—except that in the case of a casual vacancy, owing to death or disability or resignation, the appointee should hold office only for the remainder of the term for which the trustee whom he replaces was appointed.

Every trustee should be eligible for renomination and reappointment.

Vacancies should be filled, in the case of a railway member, by appointment by the governor general in council, on the nomination of a majority of the remaining trustees;—

That sounds rather familiar.

—and in the case of other members, by appointment from a list of three names, similarly nominated. Should the government refuse to approve a nomination, it should devolve upon the trustees to submit a new name.

That sounds familiar too.

The original trustees should vacate their positions according to the following scheme:

Then follows the scheme of retirement. The next clause states that the suggested board is to be non-political. That sounds familiar and I suggest that we should conduct this argument on a non-political basis. The next clause states that the board is to be permanent and self-perpetuating.

Mr. MACKENZIE (Vancouver): There is nothing new under the sun.

Mr. HANBURY: Not under the Conservative party. I should like to refer to page 101 of the same report which covers the minority report by Mr. Smith. He said:

I am unable to join my colleagues in their recommendations. They propose that practically all of the railways in Canada, except the Canadian Pacific and the American lines shall be turned over to a corporation to be managed by a board of trustees appointed by government. They insist that this board is to be permanent and self-perpetuating. I do not know by what means one parliament can bind its successors to a given policy, especially in so simple a matter as changing the organization of a government board.

I am afraid that Mr. Smith did not realize what an ingenious Prime Minister we have at the present time. He continues:

My friends seem—

Mr. MACKENZIE (Vancouver): It should be "seek".

Mr. HANBURY: It is "seem" here. I continue:

—to avoid government ownership and operation, in fact condemn it as inadvisable, but propose a plan which contains so many elements of danger in the direction which is sought to be avoided that I am unable to join them.

Mr. Smith voices in his report many of the objections which I have to this bill. I shall now refer to the renowned Duff commission and the findings they brought in. I submit to the hon. member for Muskoka (Mr. McGibbon), the hon. member for Lincoln (Mr. Chaplin) and the hon. member for York-Sunbury (Mr. Hanson), all of whom were very valuable members of the committee on rail-

ways and shipping, that if they had gone to the trouble of referring to this Drayton-Acworth report they would not have thought it advisable or necessary to recommend to the government that a new commission should be appointed. Not only would we have saved a lot of money but we would have realized that the Conservative party was prepared to consider precedents and we could have shown them where a precedent could be found.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

TORONTO BOARD OF TRADE ACT

The house in committee on Bill No. 29, to amend and consolidate the several acts relating to the Board of Trade of the City of Toronto—Mr. Geary—Mr. Hackett in the chair.

Sections 1 to 14 agreed to.

Section 15, subsections (1) to (4) agreed to.

On section 15, subsection (5)—Powers of arbitrators hearing a case.

Mr. CASGRAIN: Was there not some amendment regarding the powers of arbitrators to hear cases? Have we this bill reported as amended from the committee on banking and commerce? I think some amendments were made.

Mr. GEARY: On the next subsection.

Subsection agreed to.

On section 15, subsection (6)—Issue of subpoena.

Mr. CASGRAIN: What are the amendments?

The CHAIRMAN (Mr. Hackett): The amendment is the change of the word "my" to "may" in the third line of the subsection. It is a typographical error.

Subsection as amended agreed to.

On section 15, subsection (7)—Compelling attendance of witnesses.

Mr. BOTHWELL: Will the chairman read the amendment?

[Mr. Hanbury.]

The CHAIRMAN (Mr. Hackett): In the eleventh line the word "trail" is changed to "trial." Then there is an addition in the seventh line after the word "shall":

Subject to the provisions of the Judicature Acts of the various provinces and/or of the code of civil procedure of the province of Quebec.

Mr. CASGRAIN: Does that give the right to that body to subpoena persons from all over Canada? There is a reference to the laws of the province of Quebec.

Mr. GEARY: Only if the jurisprudence of the province allows it. The reason for the amendment was that it was thought the section was too broad and subpoenas might issue out of one province and run in another, which was contrary to the validity of the subpoena as it exists at present. This amendment was inserted to make it quite clear that this was only a provincial matter.

Mr. CASGRAIN: I should like to have from the hon. member who has charge of the bill, more information as to why this board of trade and this board of arbitration thereof should have the right to subpoena persons coming from various provinces. I do not know that other chambers of commerce or other bodies have a similar right.

Mr. GEARY: I think all boards of trade, the larger ones at all events, in the dominion are incorporated by federal statute. The board of trade of Toronto has members in Great Britain as well as in all the provinces of the dominion. One of its functions, as my hon. friend well knows, is the holding of arbitrations in regard to commercial matters. If an arbitration be held in Quebec, then under the rules of practice of Quebec—I do not know how it is termed in that province, probably the civil code, while in our province it is under the Judicature Act—

Mr. CASGRAIN: It is the Code of Civil Procedure in Quebec.

Mr. GEARY: The result of the bill as amended is that the attendance of witnesses beyond the confines of the province cannot be compelled. The subpœna will run only according to the code of the province in which it is issued or according to the Judicature Act of that province.

Mr. CASGRAIN: May I ask, Mr. Chairman, if this bill has been examined by the law clerk of the house and if it has received his approval?

Mr. GEARY: I believe so; the bill comes here in the ordinary way.

Subsection as amended agreed to.

Subsections 8 to 11 inclusive agreed to.

Section agreed to.

Sections 16 to 19 inclusive agreed to.

On section 20—Affirmations may be substituted for oaths.

Mr. ELLIOTT: There is an obvious misprint, Mr. Chairman, in the third last line where "or" is intended for "of".

The CHAIRMAN (Mr. Hackett): Shall the section be amended accordingly?

Amendment agreed to.

Mr. ELLIOTT: This section makes wilfully swearing or falsely affirming in any case where an oath or solemn affirmation is required an act of wilful or currupt perjury. Is that not already covered by the criminal code?

Mr. GEARY: It might be covered, but this relates to the matter of procedure in an arbitration. It is really to carry the law into arbitrations.

Mr. ELLIOTT: But we are here defining a criminal act and what shall constitute perjury. Perjury is already defined in the criminal code.

Mr. GEARY: You find this in many statutes.

Mr. SPENCE: In thousands of them.

Mr. ELLIOTT: In view of the experience of my hon. friend that he has found this in thousands of criminal acts I make no further objection.

Section as amended agreed to.

Sections 21 and 22 agreed to.

Schedule "A" agreed to.

On schedule "B".

Mr. CASGRAIN: I understand that there is an amendment, Mr. Chairman, to this schedule?

The CHAIRMAN (Mr. Hackett): The amendment deletes in paragraph 6 the words "the various acts relating to the board of trade of the city of Toronto and the by-laws made in pursuance thereof," and substitutes therefor the words "this act and the by-laws made in pursuance thereof."

Schedule "B" agreed to.

Schedules "C", "D" and "E" agreed to.

Bill reported, read the third time and passed.

RAILWAY ACT AMENDMENT

Mr. P. F. CASGRAIN (Charlevoix-Saguenay, for Mr. Jacobs) moved the second reading of Bill No. 39, to amend the Railway Act (return tickets).

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sullivan in the chair.

Mr. MANION: I regret to say that on account of the hon. member who is moving this bill not being in his place I had not noticed the bill being called. I was looking at another matter.

Mr. CASGRAIN: I moved this bill because Mr. Jacobs asked me, if the bill came up in his absence, to do so. If there is no objection the bill might be allowed to stand.

Mr. MANION: I move that the committee rise and report progress.

Progress reported.

IMMIGRATION ACT AMENDMENT

Mr. J. S. WOODSWORTH (Winnipeg North Centre) moved the second reading of Bill No. 43, to amend the Immigration Act.

Mr. MACKENZIE (Vancouver): Explain.

Mr. WOODSWORTH: This is a simple amendment, and I think not very controversial. It is that section two of the Immigration Act, chapter ninety-three of the revised statutes of Canada, 1927, be amended by adding thereto the following paragraph:

"(w) 'public charge' means a person who is in charge of or supported by a charitable or public institution but does not include any person in receipt of unemployment relief from any charitable or public institution or otherwise, or any inmate of an unemployment shelter, camp, or other refuge."

It is sought definitely to define "public charge," in order that the people who to-day are forced to accept unemployment relief will be excluded from deportation proceedings. Section 40 of the Immigration Act, deals with the deportation of prohibited or undesirable classes, and among such are those engaged in or in any way deriving benefit from prostitution, those guilty of any crime involving moral turpitude, those who are professional beggars or a "public charge," those practicing polygamy and so on. Under the act as it stands "public charge" is not defined; the words are:

. . . has become a professional beggar or a public charge . . .

Evidently the idea of the act is that people can be deported from this country who

obviously are unfit to have any place in Canadian life. "Public charge" is closely connected with professional begging. Under this clause a large number of people have been deported from Canada. I have the figures here for the fiscal years 1930-31, 1931-32 and up to September, 1932, giving a grand total for that two and a half years of 9,446 persons deported for becoming public charges. I have not the figures for the last five months; they were not available the other day, but I am informed that the proportion is about the same which would bring the number up to 12,000 or 13,000 people deported on the ground of being public charges. In the two and a half years to which I have referred, 2,146 people were deported because of their having been convicted of criminal offences, and 458 because of misrepresentation or stealth. These, with those deported for other causes make a total in that two and a half years of 15,658 persons. It is obvious that with 12,000 or 13,000 people deported on the ground of their being public charges, the matter is rather serious. I am informed that a great many of those people were deported with their own consent. In fact I think the Minister of Immigration (Mr. Gordon) issued a statement not long ago in which he said that something like 46 per cent of the British deportees had made application to be deported; also that something like 6 per cent only of the British ordered to be deported had appealed, and about 14 per cent of the non-British. It does not seem to me that these latter proportions are very significant, for I think most people, once ordered deported, would hardly think it worth while to appeal, and would accept the deportation order without further protest. I am not in any way blaming the department for having deported this large number of people. As long as the law stands as it is and the phrase "public charge" is not clearly defined or definitely limited, it is quite within the authority of the minister to deport anyone who is in receipt of relief.

Further than that, I think we all recognize that in most cases the initiative in deportation proceedings has been taken by the various municipalities, which have found themselves carrying a tremendous burden in carrying the people coming on relief. Many of these have come in in comparatively recent years, and municipalities have said: "We cannot carry the burden; why not ship them out of the country?" I can quite understand the pressure that municipalities may put on the department, but I do not think that warrants us as a country in deporting people of this class. If people have shown that they are criminals or professional beggars, or are not qualified to earn a living in normal times in this country, I think it is quite right that they should be deported. In fact they should never have been allowed inside our gates; there should have been stricter supervision to begin with. But we all recognize that at present we are in the midst of a great depression, that there are tens of thousands of our own native born Canadians who cannot get work to support themselves and have had to go on relief. That is no crime, and no indication that they are incapable of earning a living under normal conditions; it is their misfortune. It would seem to me that in such conditions we should carry immigrants of this class, just as we are trying to carry our own native born Canadians.

I would recall what all members of the house know, that we spent millions upon millions of dollars to induce these people to come to this country, and I would also note that the greater number deported have been returned not to Europe but to the British Isles. We sent people to England and Scotland to tell what a grand country this was. I did not think it worth while to take up the time of the house in reading the glowing advertisements which were inserted in the English newspapers begging people to come to Canada and assuring them that they could make a good living in this country. Many of them took us at our word; they sold their little homes, disposed of most of their furniture, gave up their jobs and came out here. Some of them prospered when there was an opportunity for them to prosper, but when hard times came they were thrown out of employment with many native-born Canadians. Perhaps because they were not so deeply rooted in this country they were among the first to be thrown out of work, but that is no reason why we should try to evade our responsibility of caring for them during this time of depression. I am quite sure hon. members must have had individual cases brought to their attention. Very often when men were sent back to the old country their family ties were broken and their former occupations were gone, and there was a depression in their own country. Whether or not they would be able to establish any claim for relief; would depend upon the particular country. Under these circumstances it seems to me that we should not continue this process of deporting people simply because they have had to accept relief. I think we might accomplish the purpose I have in mind by a definition of a public charge which would exclude this particular class of people from the operation of this act.

Mr. MACKENZIE (Vancouver): May I ask my hon. friend a question? Does he not consider that the definition of a public charge in this amendment shows very poor draftsmanship? It reads:

"public charge" means a person who is in charge of or supported by a charitable or public institution—

To me that would mean a person who is in control of or who directs such an institution, but I think the hon. member has in mind a person who is in the care of such an institution.

Mr. WOODSWORTH: If the legal gentlemen here think they can improve the wording of the amendment I have no objection at all. I sought the advice of a legal friend of mine who is rather familiar with legislation of this kind, and this is the draft he gave me.

Hon. W. A. GORDON (Minister of Immigration and Colonization): Mr. Speaker, the phraseology of section 40 of the Immigration Act, to which reference has been made, has been on the statutes of this country for many years. If my memory serves me correctly, in the years prior to 1930 and since this legislation was enacted some 45,000 persons were deported from Canada under this section. It is true that since 1930 a slightly greater proportion have been returned from Canada to the land of their origin.

Mr. MACKENZIE (Vancouver): If I may do so without interrupting the minister, I should like to ask a question. The hon. gentleman said 45,000 people had been deported under this section. Could he say how many were deported under the specific charge of being on relief, or becoming a public charge?

Mr. GORDON: I have not the figures separated in that way, and I am speaking from memory. The migration of people to Canada is and has been under the control of the federal government, and as soon as a person is legally admitted into Canada that person has the right to go from place to place with perfect freedom. He may become a public charge or he may become undesirable in any municipality or province of Canada. It has been said many times by provinces and municipalities, when these questions arise, that it was not at their invitation that these undesirables came to Canada, and with some justice they have turned to the federal authorities and said, "You permitted them to enter and now we find them to be public charges or undesirables within our boundaries." Heretofore the federal administration has made no provision for the maintenance and care of those found to be undesirable persons as defined by the act.

Mr. GARLAND (Bow River): Does not the hon. gentleman distinguish between an undesirable and a person on relief?

Mr. GORDON: Oh, quite; I do not see why the hon. gentleman should ask such a question, because it is so obvious and so apparent. The hon. member might be undesirable though not on relief, or he might be on relief and not be undesirable. The suggested amendment to the Immigration Act has an effect which I do not believe the mover of the bill intended. If the bill should pass as it now stands the hon. member might find that he had introduced into the Immigration Act something that was far from his intention. If the bill passed through this house in its present form a person who had not acquired Canadian domicile and who was in the charge of the Salvation Army, we will say, or of a church organization, deriving his support in that way for a temporary period, would become liable to deportation. I do not think the hon. member had that intention at all, but undoubtedly that would be the effect of the amendment.

Mr. WOODSWORTH: Would the minister explain what he means?

Mr. GORDON: It is obvious from the reading of the bill, which seeks to define a public charge. The amendment states that a public charge is a person in charge of or supported by a charitable institution. I think the Salvation Army might be called a charitable institution, and that might apply to a church as well. Some minister of immigration following me who might not be so kindly disposed to the people within our borders might take these people from the control of the Salvation Army and send them back to their country of origin. I am sure the hon. member was not thinking of that, but I think that is the effect of this amendment.

Mr. WOODSWORTH: But under section 40 as it is now those who are in the charge of a public charitable institution are liable to deportation.

Mr. GORDON: A public charitable institution; quite true. And again, probably I should agree with what the hon. member said about changing his counsel when he has a bill to be drafted. This says, "a charitable or

public institution," thereby incorporating in the language of the proposed amendment all those various organizations who so very kindly extend their help to people coming to Canada for the first time in an effort to establish themselves. I merely point this out in passing, because the language of this bill is hopeless from the point of view of accomplishing the purpose sought by the mover of it.

There is however another and more serious side to the proposed measure and I intend to oppose the passing of it for this reason. In common with every other country to the shores of which there is a migration of people, we have encountered many pure malingerers who will not work. Indeed, it might be illuminating to hon. members to know that there are in one city in this country something like 3,000 to 3,500 people who are being fed and of whom at least 700 will not work although they have been offered jobs. I do not say that they are white collar jobs or anything of that sort, but these people are offered honest toil with a going rate of wage, and they refuse to take the work. In fact, I have received communications to the effect that they will not take the work because they have only to wait a short time until another party comes into power when they will not have to work at all. I can scarcely subscribe to that, but that is the feeling amongst them. In another city in Canada we have a similar condition, where our colonization field staff was requested by the authorities not to solicit for any more jobs for single men because they would not accept work at the current rate of wages. These men are malingerers, and if we restrict the effect of the language of the present section we simply divest the person who is administering the law of the power to take care of cases of that kind.

There is a section of the Canadian press—fortunately this is confined to a few newspapers, although they are widely read—which has consistently, in season and out of season, made the business of immigration a political football; and I think I am fairly safe in making this assertion, that never since railroad expansion commenced in this country has the question of immigration into Canada been dealt with on the basis of national business. It has been dealt with on anything but that basis, and I might go on to criticize what was done in the recent past with respect to the practice, not perhaps of inviting people to the country, but of entering into contracts and agreements with people whose eye was not single to the purpose of seeing that immigrants that came into the country should be those who were best suited to citizenship in the country in which they were seeking to establish themselves. I do not wish to dwell on that but it is obvious; it cannot be denied, because the facts are there in the department. Anyone who cares to review the history of any of these efforts can see that there was one cardinal outstanding weakness, namely, that those who promoted the migration of people into Canada did not throw around that movement, so far as it could be done, those safeguards that would restrict the number of those coming into the country by excluding those who were totally unfit to take up life here with any hope of success.

This bill goes on to state that "public charge" does not include any person in receipt of unemployment relief; and, again, words are used that appear in the preceding part of the subsection—"any charitable or public institution, or otherwise." The hon. member will see that if this is analyzed he falls into the same error again, and instead of restricting deportations, instead of divesting the administration of the right to deport, he is rather widening the interpretation of the section. I think I fairly well understand what the hon. member intends to accomplish: he wishes to restrict the right of the federal power to return to their country of origin people who are found unable to get along in Canada and who consequently become public charges. He wishes to have that power restricted. With regard to the policy of the department in that respect, I should be glad to know of any person who is receiving relief and whose case is associated with no other consideration than that, where deportation has been carried out against the will of the deportee.

Mr. FACTOR: Plenty of them.

Mr. GORDON: My hon. friend says that there are many such cases. Can he name one?

Mr. FACTOR: Yes, I could name half a dozen in my own constituency.

Mr. GORDON: I should be glad if the hon. member would name them.

Mr. FACTOR: I can bring down my file.

Mr. GORDON: Just name one for a starter.

Mr. FACTOR: I know of a gentleman who came from Poland and was in receipt of unemployment relief for over a year, and he was ordered deported.

Mr. GORDON: Does the hon. member know his name? Perhaps he would not like

to mention it here, but I should be glad to have the name of that person so that I might look up the facts, because I am sure that I should find in the record something else besides his merely receiving relief.

Mr. FACTOR: Would the minister favour the principle of not deporting people merely because they are in receipt of unemployment relief? If he is in favour of that principle, surely he can draft legislation to that end.

Mr. GORDON: Not at all; I am not responsible for this bill. The policy of the department is simply this. If application is made for the deportation of an alien not having domicile, and it appears before the board of inquiry that that person is to be deported solely on the ground of having received relief, then the officials of the department will take every possible step to get that person into some useful vocation, and deportation is delayed in almost every case—I might not be correct in saying one hundred per cent of the cases—until some useful occupation is found. It almost invariably happens however that people who have been recommended for deportation by the municipal or the provincial authorities are of that type who are not willing to take whatever work is offered them. That is the position. Cases have come under my own review where people desired to go back home; they felt they could not get along here. They were comparatively recent arrivals and they considered that if they were returned to the land of their origin they could be reunited with relatives or friends and could probably tide over this time better than they would amongst strangers. That is not a desire to which we could take exception, it is a very natural desire. The only method which this government can invoke generally is to return people to the land of their origin when they apply for deportation stating that they cannot get work. I cannot see that we could do anything else. If we are to be precluded from taking that course by the definition of public charge set out in this bill, then we will be unable to return to the land of their origin those who desire to be returned. A very large percentage of those who have been returned so desired.

I receive from some sources serious criticisms of the policy of the government with respect to these matters where I think it should receive a degree of commendation. At times some churches take an active interest in matters of this kind. Only a month ago I received a copy of a resolution passed on December 18 by the Deer Park United Church of Toronto. I might say that I think the least reliable source from which to obtain the facts with respect to deportation is the newspapers. I say that with great respect for the press, but nevertheless I think it is abundantly true. There is one newspaper which I have to read in order to keep abreast of the times, and I say, I think with little fear of successful contradiction, that in no single case has the report of a deportation in that particular paper not been saturated either with half truths or whole falsehoods. Resort to the official records will bear out this statement.

Mr. GUTHRIE: What paper is that?

Mr. GORDON: The Toronto Daily Star. The resolution which I received from the church authorities in Toronto reads in part as follows:

> From time to time this session has learned from newspapers and other sources of information, that the deportation of inhabitants of Canada to their respective countries of origin is proceeding on a large scale, at the rate of thousands of deportees per annum. The persons so dealt with are not only of foreign birth, but also from England, Scotland and other parts of Great Britain. This process is secret in its nature. No public trial, or trial of any kind, seems to be required, but at the discretion or caprice of some public official, men, women and children whose only crime is their poverty or illness, are haled away and sent overseas, in many cases without money, without proper clothing, and even without food.
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> Until recent years, it was the policy of every successive government in Canada to foster and encourage immigration, not from Britain only but from the countries of continental Europe. People of these countries, attracted by the highly coloured advertisements of Canada, its vast and varied resources, its cheap and fertile lands, came in numbers up to 400,000 or more per annum. Much of this immigration has already been absorbed into Canadian life, and in industry, intelligence, and the essentials of citizenship, the newcomers have proven not inferior to the average of native born Canadians. Many of them have struggled hard and valiantly with the inevitable difficulties attending their efforts to establish a permanent footing. Some have failed, and in these distressing times are regarded as "likely to become a charge upon the public." Hence, they are ejected from the country to which they had been invited and in which they had hoped to find a home. Even an English widow, temporarily ill and out of work is, with her helpless children, driven off with the rest.
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> This session has no sympathy whatever with revolutionary or so-called communistic principles, but it is constrained to protest against this inhuman, wholesale and secret deportation, resembling in essence as it does the expulsion of the Greeks from Turkey after the great war, the activities of the Ogpu in Soviet Russia, or the historic carrying away of the people of Israel by their Assyrian conquerors.

I answered the letter enclosing that resolution and gave these gentlemen the facts. I do not remember receiving an acknowledg-

ment. A similar inquiry from another church was received and similarly answered. The following is the reply received:

Thank you very much for your letter of January 11.

I do wish that the press would on all occasions endeavour to secure accurate facts and that they would not use their news columns to play politics.

I am sending you a copy of our annual report.

I suppose there are people who like to foster reports of that character. If those who have the position of these people at heart would resort to the department in order to obtain the facts, more accurate statements would be made. If hon. members would endeavour to obtain the facts before entering this chamber, we would get along a great deal better. Let me say to the mover of this bill (Mr. Woodsworth) that no one will be deported from Canada solely upon the ground that he is receiving relief unless that charge is linked up with something else that falls within this section, or he is a malingerer or desires to be returned to the country of his origin. We are finding jobs for hundreds of these men every week.

In the perilous times through which we are passing every department of the government and every hon. member of this house is faced with great difficulties and it is no time to be stampeded. We should not attempt to emasculate a law which has been upon our statute books for upwards of forty years. I oppose this bill because I do not think it is in the best interests of this country. Its intention is to divest the government of certain powers, and if that is done I am sure it will be regretted. I think we can rely upon the officials of the department and the minister in charge, whoever he may be, to see that hardship is not cast upon those who temporarily find themselves unable to obtain employment in Canada. In the meantime the work of the colonization department, and in fact of all departments of government is being directed towards seeing that people who want to work are absorbed into useful vocations.

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

The house resumed consideration of the motion of Mr. Manion for the second reading of Bill No. 37, respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific railway system, and for other purposes.

Mr. WILFRED HANBURY (Vancouver-Burrard): Mr. Speaker, before recess I was attempting to show that the bill now before the house was based upon the Drayton-Acworth report of 1917 and that the high praises sung for the members of the Duff commission would perhaps have been better deserved by the members of the Drayton-Acworth commission. I would point out that the provisions of this legislation were before the Conservative government in 1917, but the government of that day did not see fit to accept the suggestions made at that time, which suggestions are now contained in this bill. The government of this day now places these provisions before the house. There have been some changes and the principal one has probably been in connection with the one who as Prime Minister (Mr. Bennett) is directing the affairs of this country. For that reason I believe the mentality and the personality of the Prime Minister, the individual who has inspired this particular bill, become a question for the people of Canada and for the members of this house, and it is from that perspective that for a few moments I should like to analyze the bill now before us.

We know the right hon. gentleman has a very broad fund of information; we also know he is a man of great and singleminded purpose; we know he is one of those who at times go through the world with a vision before their eyes, with a mission. In the past we have had similar illustrations and demonstrations. We have had men whose purpose has been singleminded, whose vision has ever been before them. I would refer as an example to Napoleon of France. He had a vision, an inspiration, an objective. For another, we have one equally inspired, Kaiser Wilhelm. I am not suggesting that in levity; I think this is a matter for the serious consideration of every hon. member. Who is to judge of the mentality and the integrity of Napoleon and the motives that inspired him? Who is to judge of the motives that inspired Kaiser Wilhelm? There is no precedent by which we can judge those men. They were not subjected to the ordinary laws by which common individuals are judged. They were above the law, above restraint; they were men who invariably felt called upon by the Great Ruler of the universe, men who had a vision, who had to take the people along a certain course whether they would or not. They said: The people must go to my goal, not to their own; the people do not always know what is best for them. So sometimes we have before us a Napoleon, a kaiser, or someone equally inspired. We

may criticize some of the means adopted by such gentlemen as these to attain their ends, but we should not criticize the endeavour that they are making from their own standpoint. They are here not to accept, but to establish precedents. Precedents established through generations mean nothing to them; constitutions mean nothing to them; they are above them; they are above ordinary human considerations, and even human life itself must, if necessary, be sacrificed in the attainment of the great objective. They believe there must be one man above the law, above the people, above the government, and that is what we have before us in this bill.

The mind that conceived this bill, the inspiration behind it, could well decide that in the interests of the efficiency of the nation, the necessity for rigid economies and for provision for taxes with which to pay bond interest, the country could best be ruled by one man above the people and above the law. Let me make a forecast: that if in the provisions of the bill before us the railway situation needs greater efficiency, greater economy and the dictation of one man, so the affairs of Canada will be shown to need greater efficiency, greater economy, and I would not be surprised if before the session is over we were told that we needed the dictation of one man, yes, not only one man, one dictator, but a dictator who will arrange for the succession of this power in perpetuity and so in that way will bring about the "kingdom of Canada" which is being espoused in this chamber by the hon. member for Montmagny (Mr. LaVergne). I am not at present concerned with what the ultimate goal of the right hon. gentleman may be, whether it is a commonwealth of the free nations of the empire or whether he intends to establish an empire demanding tribute and collecting tolls from the other nations of the world. My attempt will be to relate to the present bill the mentality which I have described, a mentality that would take everything from the people and would concentrate all power in one man.

We have this tendency illustrated starting in the special session of 1930 and continuing to date. We have the bill known as "peace, order and good government" devised to take the power from the people; we have the bill known as a "blank cheque" for the same purpose; we have in the tariff board an attempt to inflict the will of the present Prime Minister on all future governments, another endeavour to get away from the will of the people. Again in the railway bill now before us we have the setting up of a dictator and a further getting away from the will of the people; the people cannot be trusted; the dictator must be followed.

I would refer to some of the Prime Minister's words that we have to guide us in connection with his thoughts on these and other matters. We know he believes that if a people are to be made great, they must be put through the crucible of sacrifice and of adversity. I would refer now to the Prime Minister's statement on October 10, 1932, as reported at page 51 of Hansard:

> We have no desire to undermine that high courage, that resourcefulness and ability of our citizens to emerge out of difficulties, strengthened by trials as by fire.

Mr. COTNAM: I rise to a point of order, Mr. Speaker. My point is that the hon. member is out of order in quoting from a speech that was made during the present session of parliament.

Mr. MACKENZIE (Vancouver): No, certainly not.

Mr. HANBURY: The Prime Minister went on:

> We have no desire to remove those characteristics from our citizenship. We know what made this country great; we know what courage the pioneers had.

I would refer that to the hon. gentleman who raised the point of order, and I would repeat it for him: "We know what courage the pioneers had." Evidently the Prime Minister does not expect to find courage in the people of Canada to-day.

Again quoting the words of the Prime Minister, speaking in the present debate on Thursday of last week:

> This is a surgical operation and it must be a radical operation. In order to make it effective and successful we must eliminate every political consideration which would interfere with the success of the operation.

Again:

> It is the greatest problem that confronts the Canadian people; it is the problem beyond all others that calls for the exercise of patience and in my judgment of much sacrifice on the part of the taxpayers.

Once again:

> We are all human, but we must not forget that we have a larger obligation.

We are all human, but we must not forget that we have a larger obligation. What larger obligation is there than to be human and humane? The obligation under this bill to provide interest to the bondholders! There is a larger obligation than humanity. "Those opposed to my will must be put under the iron heel of ruthlessness." Who was it that

used that expression of the iron heel of ruthlessness? Was it Napoleon to whom I have referred, or one of the czars or even the kaiser? No, it was the Prime Minister of Canada.

What is the objective of this bill? The Prime Minister is going to establish a liquidator to operate the railroad, not for the benefit of the people, not to give service to the people, not to protect the human individuals who are engaged in this industry. No, the only interpretation that can be placed on the bill before us is the intention by the iron heel of ruthlessness to crush from the Canadian people sufficient tolls and blood money to feed his golden calf.

Again, I should like to quote what the Prime Minister has to say about this liquidator. Speaking in this house on Thursday of last week he said:

> The position is not, as has been suggested so frequently in this house, that these are the properties of the people of Canada. They are now the properties of the people who loaned their money to build them, and under normal conditions they would take possession of them.

The Prime Minister says that the railroads no longer belong to the people, that they belong to the money lender, the money lender in Canada, the United States, and Great Britain, and he must operate these roads through a liquidator for the interests of the bondholders, and the interests of the bondholders only. The Prime Minister might have continued and said what he would have done had these bondholders been in Russia.

Again he said:

> For we are now dealing with very simple matters,—securities, property in default, and security owners having a right to enforce their claims. . . . But this enterprise belongs to the investors; let us keep that in our minds.

It belongs to the investors, not to the people of Canada. The people of Canada have no further interest in these roads, according to the Prime Minister, and we must simply run the roads in order to get the interest that is due to the bondholders. In this bill the Prime Minister says: We will have to create a Frankenstein, and we will put him in a watertight, bullet-proof case, and the Frankenstein will crush out every last mile of unprofitable road. To use a railroad man's expression, this Frankenstein is going to bump off every employee that is not absolutely necessary, everyone who can possibly be dispensed with.

This Frankenstein, this chairman of trustees, what is his job? What is this legislation built on? It is built on squeezing out the last dollar. It means tearing up all agreements that there may be in connection with the operation of the road in order that more money may be provided for dividends on stock and interest on the bonds. To provide money, through a Frankenstein, a monster whose humanity cannot see beyond dividends for the stockholders and interest for the bondholders. This bill, if I may use the expression, is begotten in lust, lust for power—

Mr. McDADE: I rise to a point of order, Mr. Speaker. The hon. gentleman is reading his speech.

Some hon. MEMBERS: No, he is not.

Mr. MACKENZIE (Vancouver): Get a pair of glasses.

Mr. CASGRAIN: He is referring to his notes.

The ACTING SPEAKER (Mr. Gagnon): The hon. gentleman has the right to refer to his notes. I do not think he is reading his speech.

Mr. HANBURY: I would say to the hon. member who raised the point of order, that if he wishes to read my speech he will be able to do so to-morrow in Hansard.

I was just suggesting, Mr. Speaker, that the Frankenstein being created by this legislation has been begotten in lust, lust for power, and not only power until death but power after death. And it is born of fear, fear of political interference, fear of interference by the right hon. gentleman's own followers perhaps, possibly fear of political interference by his successors, fear that his successors in the government would lack the ruthlessness to effect the economies deemed necessary by himself.

This bill is based on efficiency and economy. I agree with reasonable efficiency and economy, but I do not favour the ruthless economy which is visualized in this bill, and which is going to force thousands of railway employees into the bread lines. Many merchants who are now supplying their requirements will be forced out of business, and many employees in those industries will also be in the bread line. I do not favour the efficiency and economy to be established under this one man, this chairman of the trustees, this kaiser, and I submit to the railway employees of this country that the running trades agreements, the shop employees' agreements and all others will be made a scrap of paper by this dictator. Wages will be cut to the bone, the number of employees on trains and other operations will be reduced, working hours will be increased, hundreds of miles of railway will rust and rot, towns and villages will be without their railway—

Mr. McDADE: Mr. Speaker, I rise to a point of order. The hon. gentleman is unquestionably reading his speech, and that is against the rules of the house.

Mr. POULIOT: The hon. member for Northumberland (Mr. McDade) is short-sighted.

The ACTING SPEAKER (Mr. Gagnon): To my mind the hon. gentleman is a very clever reader, then, because he does not seem to read.

Mr. HANBURY: Mr. Speaker, I hope you will make allowance for the interruptions. I have referred to the fact that employees will be discharged, their agreements scrapped, their wages cut, many miles of railway will be torn up, towns and villages will be without transportation, and the lives of citizens will be endangered by virtue of the deteriorated condition of road and equipment.

Some hon. MEMBERS: Turn over the page!

Mr. SPENCE: You have lost your place.

Mr. HANBURY: Mr. Speaker, it is evident from the remarks of hon. members on the other side of the house that they are quite prepared for the condition which I have pointed out. I feel that I have done my duty in drawing to the attention of the railroad people of Canada particularly what this legislation forecasts, and I say to hon. gentlemen opposite, and on this side of the house as well, that if they have any humane feeling, any humanity, they will give most careful consideration to this legislation, which proposes to place one czar in charge of such a large operation as we have in the Canadian railroads.

Mr. A. F. TOTZKE (Humboldt): Mr. Speaker, in the few remarks I wish to make this evening on this very important bill I would first of all congratulate the Minister of Railways (Mr. Manion) on the tenor of his remarks in moving the second reading. To us who have been in the house a number of years it came rather as a surprise that the Minister of Railways could be so moderate in tone.

Some hon. MEMBERS: Hear, hear.

Mr. TOTZKE: We all like the Minister of Railways, we like his style, and we feel that perhaps it is not so much the red-blooded Canadianism that is in him as his racial ancestry that makes him so fond of a fight. But on this occasion I am sure we are able to congratulate him upon the moderation of his views.

I should like very much to be able to say the same thing for his leader, the Prime Minister (Mr. Bennett). I have a high admiration for the abilities of the Prime Minister, but I believe he does not always do himself justice in speaking in this house. He does not need to go to the extremes of ridicule and almost vituperation that he employs on occasions towards members on this side of the house. Sometimes I think perhaps the Prime Minister does this with a purpose. I think he undertakes occasionally to give us a castigation in order that he may arouse the ire of members on this side and prolong the debate.

Now, Mr. Speaker, it may be asked why at this stage of the debate anyone should join in and prolong the discussion. Perhaps everything that can be said on the matter has been said. But I have no apology to make for taking part in this debate. I believe that, as has already been said, this is one of the most important problems that is before the people of Canada at this time. I do not admit that it is the most important problem; I join with some of the hon. members who have spoken previously in saying that the most important problem in Canada to-day is that of unemployment. But this question is to my mind next in importance, therefore I wish to put my views on record.

I desire to review shortly the provisions of the bill, explain in the briefest way possible my views with regard to them, and give reasons why I am going to oppose the second reading. I feel I have a duty, as representative of a constituency the people of which are vitally interested in the railway transportation problem, to let my constituents know just where I stand and why I vote as I intend to vote. We have had many excellent speeches during the debate, and much valuable information has been put upon the records of the house. It it unnecessary to repeat information that has already been put on Hansard, so with the exception of a few figures which I will quote to bear out certain statements I shall make I do not intend to weary the house with figures.

The bill now before us affects not only the transportation system known as the Canadian National Railways, with which we as members of this house are more particularly concerned, and which is of such vital importance to large sections of our country, but also that other great railway system which we have in Canada, the Canadian Pacific. The Canadian Pacific is just as vital to the interests of Canada as the Canadian National, and in my opinion nothing should be done which will in any way interfere with the efficiency

of these two great roads. We have every reason to be proud of the great transportation systems of this country, greater than almost any others in the world. But the difference between our responsibility in connection with the one and the other of these two roads lies in the fact that representing the people of Canada we are directly responsible for the policies of the Canadian National, in spite of the statement of the Prime Minister a few days ago that the people of Canada really do not own this great railway. The service of these roads affects the economic life of the entire country. It affects eastern as well as western Canada, but to my mind it affects the western provinces more than it does the eastern provinces. The west is a country of great distances, rather sparsely settled. In eastern Canada the population is more concentrated, and the people have other means of transportation which they can use in case of emergency. In western Canada, if the weather is not propitious and our railways are not in operation, we are without transportation facilities. Settlement in western Canada in some instances followed the railways, while in other instances it went ahead of the railways, but where settlement went ahead to any great degree it was always with the understanding that eventually the railways would supply the transportation required. It is of vital importance to western Canada that adequate transportation facilities should be afforded, because of the very commodities we produce. Every member of the house knows that our main products are wheat and other coarse grains, cattle and so on, and that it is necessary for us to ship those commodities over long distances. The only method of transportation available to us is the railways. It has been estimated that a farmer in western Canada who must haul his grain more than ten or twelve miles cannot do so at a profit. Of course at the present time, Mr. Speaker, if the farmer must haul his grain half a mile he cannot do so at a profit, but these are abnormal times and I for one am sufficiently optimistic to believe that conditions will improve.

I am entirely in favour of practising economy in the operation of our railways. Every business corporation and every business man throughout the world at this time is practising economy, and necessarily so. But we must be careful when we practise these economies not to go too far and jeopardize the very existence of this country. I am aware of certain duplications of service rendered by the two companies, and as I have already said I am ready to admit that in some cases this duplication might be done away with, without impairing the efficiency of the service at all. I am afraid, however, that this mania for economy and for cooperation, for bringing together the two roads wherever there is the slightest suggestion of duplication, may be carried too far. It is my belief that at least a very large proportion of the people of Canada are opposed to any amalgamation of the two roads; I think the people want to see both roads prosper and give the service they were intended to give. I was glad to hear the Prime Minister state that there was no move towards amalgamation hidden in this bill, and the right hon. gentleman has promised to replace the section giving a definite assurance to that effect which was deleted in the Senate. I am afraid, however, that in spite of that clause the provisions of this bill are definitely leading towards the amalgamation of the two roads, but with that point I shall deal at greater length a little later in the course of my remarks.

A good deal of discussion has taken place during this debate as to where the responsibility lies for the condition in which our national road finds itself. A number of hon. members opposite have sought to put the blame upon the late administration, headed by the present leader of the opposition (Mr. Mackenzie King), but I think hon. members on this side of the house have succeeded in demonstrating that at least equal blame must be attached to hon. members opposite. But with this question of where the blame should be placed I am not concerned at all; the only thing with which I am concerned at this time is the possibility of getting our railways into a better financial position in order that they may give better service.

At this point in my remarks, Mr. Speaker, I should like to pay a tribute to the late Sir Henry Thornton. I am sure his death came as a shock to all members of the house. I went to Saskatchewan about thirty years ago and have seen the railway development in that province since that time. Almost thirty years ago I moved to a town situated on the old main line of the Canadian Northern from Winnipeg to Edmonton, and I have lived there ever since. I was there during the time the road was being operated by the Canadian Northern; I was there when it was being operated by the Canadian National Railways before Sir Henry Thornton took charge, and I was there after Sir Henry became president. In all those years I have had a good deal to do with the movement of goods to and fro over that line, and I have had a good opportunity to study the service we were given. I want to say, Mr. Speaker, that until Sir

Henry Thornton took over the management of the Canadian National railways we did not know what railway service was. Sir Henry Thornton was able to develop in the men working under him a spirit of loyalty and pride in the road which made all the difference between poor service and excellent service.

For a few moments now, Mr. Speaker, I should like to deal with some of the provisions of the bill. As I said at the outset, I do not know that I shall have anything particularly new to contribute to the debate, but I should like to express my own views on some of these provisions and to make my position clear with regard to this legislation. Just here I might suggest that if the whips were withdrawn and hon. members opposite were allowed to vote according to the dictates of their conscience, and properly to represent the people of their constituencies, I am not so sure that this bill would pass this house. But if the bill passes part I will provide that a board of three trustees shall be appointed instead of the present board of directors. It has been said that this is the main portion, the most important part of the bill. With the view that a small board would perhaps function better than a large board I am inclined to agree, and whether it should be a board of three or five does not concern me very much. I rather agree with the suggestion that the smaller board could function better and with less delay than the larger one. I am not particularly in agreement with those who say that certain sections of the dominion should be given representation on that board, nor am I inclined to agree that any particular class should be represented, with the possible exception of labour, in view of the fact that it occupies so important a place in the working of the railways. But if we are going to appoint a small board such as this, the utmost care must be taken that only men of the highest integrity, men who have been zealous in public service and who have faith in the Canadian National Railways, should be appointed to the board.

Another thing I would emphasize is that if a board of three is to be appointed all three men should be full time officials. If we have only the chairman full time we shall find that the other two members of the board may not be sufficiently in touch with the affairs of the railway and may become more or less rubber stamps for him. Section 4 of the bill provides that the first board shall be appointed by the governor in council. To this a good deal of objection has been made; but here again I find that I have no particular objection to the government appointing the board of trustees I believe that the government should appoint the board of trustees and I believe they should appoint their successors; in my opinion the government should take full responsibility for everything that is done by the board. Neither this nor any other government in Canada can pass the buck to anyone else. They must assume responsibility for the work of the board of trustees in carrying on the business of this great transportation organization. I too agree that there should be no political interference with the working of the board of trustees. But political interference and the assumption of responsibility are two different things, and again I say that we in this House of Commons are the elected representatives of the people who own this railway. It may be a technical point with the Prime Minister but it is not a technical point with me; the people of Canada own this railway, and so long as we pay the interest and keep up our obligations with respect to the system, the people continue to own it, and the government should take full responsibility for the appointment of the trustees and for their actions.

Section 7 of the bill deals with the removal of trustees. I find myself entirely opposed to this section. I think it is too cumbersome; it is too difficult to remove trustees in this way. Let me read the provision:

> No trustees shall be removed from office, nor suffer any reduction in salary, during the term for which he is appointed, unless for assigned cause and on address of the Senate and House of Commons of Canada.

It takes time to get the House of Commons together, and this is cumbersome and difficult as a means of rescinding an appointment of this kind; it is difficult to rescind such an appointment through action of the House of Commons and the Senate. Again I say that the government must accept the responsibility both of appointing and of removing trustees whenever there is cause for removal.

Subsection 6 of section 9 gives the trustees absolute power in all matters:

> No order, regulation, by-law, act, decision or proceeding of the trustees shall require the approval of His Majesty or that of any other shareholder of any company to which this section applies.

Again I oppose this section. I regard this as a most unusual and dangerous power to give to any board of trustees. Sometimes similar powers are given to managing directors of incorporated companies, but they are always subject to review of shareholders at the annual meeting. This perpetuates the power of the trustees for at least the time of their appointment, or until they are removed from office, and according to the provisions of this bill

they may be reappointed to office and therefore be there in perpetuity. In my opinion therefore this clause is dangerous and most unusual, and once again I say that the government should take the responsibility. The cabinet acts as the executive for members of parliament. Members are here representing the shareholders of the railways, and to this clause I am therefore absolutely opposed.

Subsection 2 of section 11 is another provision with which I find myself in disagreement. It provides that the vote of the chairman must be included in a majority vote of the trustees. The majority vote of the trustees shall carry any resolution or any matter which may be under discussion, but in all cases where the trustees divide, the decision of the chairman shall be final. I could understand perhaps those who had to do with the drafting of the bill giving this power to the chairman of the board of trustees, if he were the only full time member of the board; but in that event there would be a one man board, a dictatorship for this great corporation, and he would have absolute authority to do whatever he wished. Should this bill receive the second reading, I suggest that this section should be amended in committee to provide that the decision of the majority of the board of trustees shall carry.

Section 12 provides that the budget of the Canadian National Railways shall be under the control of the trustees, and subsection 6 of section 9, as I have shown, gives them absolute authority to do whatever they may wish. Here again is an instance where the government should take responsibility and should have some control. Perhaps the late administration gave the railway company a little too free a hand; but we should profit by this experience and should therefore put a little more restraint on those who are now being appointed. But to say that to remove political interference means taking away the exercise of governmental authority is going too far. Subsection 2 of section 14 provides for the routing of freight through Canadian seaports:

> The trustees shall so direct, provide and procure that all freight destined for export by sea which is consigned within Canada for carriage to national railways either at point of origin or between that and the sea shall, unless it has been by its shippers specifically routed otherwise, be exported through Canadian seaports.

I am opposed to this section. I have nothing to say in opposition to the use of our Canadian seaports as much as and wherever possible, but I say that the board of trustees and the management of our Canadian National Railways should not be handicapped in this way. They should be in a position to ship in a manner that seems the most feasible and most profitable at the time.

Part II of the bill deals with cooperation. The idea of cooperation is very good, and I do not think anyone will deny that economies can and should be practised. During this debate as well as during the past two years we have heard a good deal about the reckless extravagance of the Canadian National Railways. There has been extravagance by the management of that railway, but it was not the only railroad or institution in the country guilty of extravagance during the last two years. What about our friends the Canadian Pacific Railway? What about the Royal York hotel in Toronto and the Empress of Britain? I am sure hon. members will agree that there was extravagance in that company. If the prosperous times of 1929 had continued these things would not have been considered as extravagant.

An hon. MEMBER: And Lucerne-in-Quebec.

Mr. TOTZKE: My hon. friend says, Lucerne-in-Quebec. I wonder if that was not extravagance, just another case of trying to keep up with the Joneses. Because of something the Canadian National Railways had done, the Canadian Pacific Railway Company thought that it should go one better. I heard a story about Lucerne the other day; I do not think it is true but perhaps hon. members would like to hear it. It appears that the Canadian National Railways wanted to buy a gravel or sand pit convenient to Montreal and they found what they wanted in the vicinity of Oka. Some Canadian Pacific officials heard of this and thinking that perhaps the Canadian National were trying to open a summer resort, they immediately jumped in and bought Lucerne.

An hon. MEMBER: More truth than poetry in that.

Mr. TOTZKE: I should like to quote a few remarks of the Minister of Railways (Mr. Manion) in connection with some statements of Mr. Hungerford. I believe that economies can be practised, but I believe also that there are many false economies. As reported on page 2772 of Hansard, the minister quotes Mr. Hungerford as follows:

> From the standpoint of efficiency the system was in a strong position. "Never in its history." Mr. Hungerford asserted, "has this property been in such good physical condition or so well organized to handle traffic cheaply and efficiently as it is to-day."

He quoted a further statement of Mr. Hungerford's as follows:

In gauging measures of economy to meet declining revenues, the executives of a railway system must guard against jeopardizing the condition of the property. Facilities and equipment must be maintained on a standard of safety and efficiency. This factor has been carefully considered by the Canadian National Railways management and at the present time the property is in fit and proper condition to handle all traffic offering safely and efficiently.

The minister then said:

That, I think, should set at rest any suggestion which occasionally is made to the effect that the efficiency of the railways is being in anyway sacrificed to economies.

That is very interesting and it is only as it should be. The Canadian National railways should be kept in an efficient condition to handle all the traffic offering; but is that all that is required? The physical condition of a railway is not the only measure of efficiency; the efficiency of a railway is more than simply the handling of traffic offered—it means getting the business. Any hon. member can quote instances where business men and merchants, though well equipped to handle all the business offering, have gone to the wall because they did not go out and get business. The minister has told us that the decrease in operating expenses for 1932 amounted to $44,000,000. That is a most commendable decrease in expenses, but can the minister say that that decrease was not made at the expense of the procuring of business?

Mr. MANION: Last year the railway handled fifty-three per cent of the business and the Canadian Pacific handled forty-seven per cent. Apparently it is doing pretty well.

Mr. TOTZKE: How does that compare with the previous years?

Mr. MANION: I can give it to my hon. friend, but I had intended to give this information when I speak later on. It compares very favourably with previous years.

Mr. TOTZKE: The minister mentioned also the dismissal of officials. I shall not quote his exact words, but I think he said that the saving affected in this way amounted to about $1,000,000. This would be commendable if it were not for the fact, as my information is, that certain of the officials dismissed were those whose work was to procure business. If that is the case, then it was false economy.

Mr. MANION: That is not the case.

Mr. TOTZKE: I will give the quotation in a moment. The following is the number of passengers carried one mile by the two railroads in 1931 and 1932:

	Canadian National Railways	Canadian Pacific Railway
1931..	788,423,849	743,036,667
1932..	632,465,682	644,797,144

The decline in the number of passengers carried one mile was 156,000,000 in the case of the Canadian National and only 98,000,000 in the case of the Canadian Pacific. In 1931 the Canadian National carried more passengers than the Canadian Pacific; in 1932 the situation was reversed and the Canadian Pacific carried more than the Canadian National.

Mr. MANION: The percentages I gave covered all traffic.

Mr. TOTZKE: For some reason or other the decline in business of the Canadian National was more than the decline in the case of the Canadian Pacific. This would seem to bear out the statement I made that possibly some of these officials whose business it was to get business for the road had been dismissed. Again I say that if that is so, it is false economy. The following are the figures for the revenue freight ton miles:

	Canadian National Railways	Canadian Pacific Railway
1931.. .. .	12,635,804,000	10,812,004,000
1932.. .. .	11,321,381,000	10,067,420,000

That is a decline of freight ton miles for the Canadian Pacific of 744,000,000 and for the Canadian National of 1,314,000,000. I would say to the Minister of Railways that if those figures are correct—and I have every reason to believe they are—he should look into the matter whether the responsibility lies in the dismissal of officials who are primarily there for the getting of business.

I am sorry my time will not allow me to make all the remarks that I wish to make, but there is one thing I do not want to miss. In all these economies that are being effected on our Canadian National Railways, the position of the railway employees should be very carefully watched. We have at least a moral obligation to look after those men who have spent all these years in the service of our great railway. We have an unemployment situation in this country, and it is not wise to aggravate that situation by throwing out of employment a good number of those railway men, thus adding them to the list of those at present unemployed. To do so would

only mean that we shall have to look after them in another way, and therefore in the economies that are being effected nothing should be done that would in any way cause unnecessary loss of employment to our railroad men.

I wanted to say something about the Prime Minister's statement that this board was in the nature of a receivership. How it can be a receivership is more than I can understand. He said that the people of Canada do not own this railway; that it belongs to the bondholders; that they are virtually the owners of the road. My idea of a receivership is that the receivers work in the interests of the owners of the property. In that case it can be seen that under that assumption the trustees are going to work for the bondholders and not for the people of Canada. I am going to vote against the second reading of the bill.

Mr. A. L. BEAUBIEN (Provencher): Mr. Speaker, I wish to make a few remarks on the legislation before the house, and I intend to follow my usual practice of being brief. I was rather surprised the other day in listening to the Minister of Railways (Mr. Manion) when he moved his motion for the second reading of this bill. Having sat for two years on the committee on railways and shipping with the genial minister, and having heard him on many occasions make unfair statements in that committee and also in the house with regard to the expenditures of the Canadian National Railways and its management—

Mr. MANION: I do not think any of them were unfair.

Mr. BEAUBIEN: —it is a surprise and a pleasing one to me to find that my hon. friend is seeing the error of his ways and, as he is getting older and has more responsibilities on his shoulders, is trying to place before the Canadian parliament a true picture, one which ultimately will go before the Canadian people. I would commend his speech to the hon. member for Muskoka-Ontario (Mr. McGibbon), the hon. member for Saskatoon (Mr. MacMillan) and the hon. member for York-Sunbury (Mr. Hanson), who was chairman of the committee last year.

Mr. GRAY: And the Prime Minister.

Mr. BEAUBIEN: And the Prime Minister (Mr. Bennett), but especially those gentlemen whom I have mentioned; because I have sat on that committee for two years with them and seen the unfair methods used and heard the uncalled-for and insinuating remarks made against the administration of the Canadian National Railways. I am not here to defend the Canadian National Railways, Sir Henry Thornton who has just passed away, or anybody else, but it behooves any hon. member to speak, especially when hon. gentlemen on the treasury benches are trying to make the Canadian people believe the government are favourable to the Canadian National Railways when their actions since they have been in power have been to the contrary.

I should like to quote some of the remarks of the Minister of Railways, but time will not permit me to quote them at any length. When he moved the second reading of the bill, he stated that the Canadian National Railways had done more to economize than any other railway in the world, one might say; that their decrease in expenditures should have been between 60 and 70 per cent of the decrease in revenue, but instead of that it was 112 per cent. He paid that tribute to the Canadian National Railways. How was it able to effect those economies? Because it had efficient management under the direction of Sir Henry Thornton and the road was put into such shape that in times of depression and decreasing revenue it was able to effect those economies.

Has the Canadian National been extravagant? Perhaps it has spent money where to-day we see that expenditure could have been avoided. We will all admit that, but can anyone show me any organization in this country, any individual in this house, any government that spent money that, if present conditions could have been anticipated, would probably not have been spent? Why have the government and its members for the last two or three years been throwing stones at the Canadian National Railways in relation to its expenditures? I could talk about Canadian Pacific expenditures which were unwarranted so far as I can see and so far as that railway itself can see to-day; but would I be doing any good to that railway, or would I be solving the railway problem of Canada by doing so? No. The only one thing for the government and the members of the House of Commons to do is to tell the people that the Canadian National is our railway and that they should make every effort to protect their property.

What is the cause of the present railway situation in Canada? Lack of business. How has this situation been brought about? By the policies of the present government since they have been in power.

Some hon. MEMBERS: Oh, oh.

Mr. BEAUBIEN: If any hon. members do not believe this, all they have to do is to look at the trade figures and my statement

will be proved beyond any question of doubt. What is our solution of our railway problem? It is tonnage. So long as we continue the trade policies which have been in effect since 1930, the railways will not get tonnage, and if they do not get tonnage, the railway problem will not be solved. I am going to ask you, sir, at the moment presiding over this chamber (Mr. Gagnon): Can you, as one of the bright legal minds of the province of Quebec, show me anything in this bill which is a solution of our railway problem? No solution is provided there. It is a bill to effect economies. We do not have to have this legislation to do so. The Minister of Railways in his speech proved that our national railway has been effecting economies greater than have been effected by any other railway on the American continent. Why then the necessity for this legislation? Any man living along the Canadian National or the Canadian Pacific does not need this legislation to show him that economy is being practised. He sees it in the curtailment of service, in the reduction of the numbers of section men and employees generally, in the closing down of stations, and so forth.

Why this legislation? This legislation is brought down in order to create a dictatorship in this country for the purpose of amalgamating the railways. I am prepared to take the interpretation of my hon. friend from Cartier (Mr. Jacobs), another bright legal mind from the province of Quebec, who says that he is in favour of the bill because he interprets it to mean amalgamation. I am opposed to this bill, Mr. Speaker, because it means amalgamation, and, if time permits, I am going to prove my contention that it means amalgamation before I am through.

The railways, from a revenue and business standpoint, I admit, are in an unfavourable position. But how about the farming industry? When I went home at the adjournment of the session last November I found that every farmer in western Canada who had produced a bushel of grain, raised a steer, fattened a hog or a turkey or a chicken, was disposing of all those commodities at a loss. But did that farmer tear up his farm in consequence? Did he tear up his fences? Did he quit farming? No, Mr. Speaker. When I went back home the land was all turned over ready for next spring. The farmers had gathered their hay into their barns to feed their stock during the whole winter, even though a grasshopper plague threatens to attack their farms in the spring. I say that the railways in this country, both the Canadian National and the Canadian Pacific, have to do exactly as every other industry in this country is doing, and that is do as best they can, effect intelligent economies, but give the people the service. A railroad is judged by the service it gives to the public. Any fairminded man who will get away from legal technicalities can come to no other conclusion than that if you amalgamate the services—and that is what this bill really means—you are amalgamating the railways themselves, and once we have amalgamation of the railways in this country the minister and the government and the members of the House of Commons, who represent the shareholders, are absolutely powerless. Why? Because under this bill we are going to appoint a board of trustees, and the chairman of the board of trustees is to be appointed as such for a term of seven years. Some say that this bill does not mean amalgamation, but suppose the chairman of this board of trustees, appointed for seven years, is in the frame of mind to amalgamate the roads. Can the government prevent him doing it, or can any succeeding government prevent him?

Mr. MANION: We are putting a clause in the bill against that.

Mr. MACKENZIE KING: That will not prevent him.

Mr. BEAUBIEN: No, that will not prevent him, because what powers are you giving to this dictator, this superman? If he is in the frame of mind to amalgamate the railways, then under the powers that are given to him by this bill, neither this government nor any succeeding government can prevent him from doing so.

Mr. MANION: Oh yes, they can absolutely replace him if they want to, and my hon. friend knows that perfectly well.

Mr. BEAUBIEN: They can what?

Mr. MANION: They can put him out of his position.

Mr. BEAUBIEN: I am going to prove that the minister cannot put him out of his position. Let me read section 7 of part I of the bill. It says:

> No trustee shall be removed from office, nor suffer any reduction in salary, during the term for which he is appointed, unless for assigned cause and on address of the Senate and House of Commons of Canada.

Suppose the House of Commons does pass an address asking for the dismissal of this trustee and the upper house refuses to concur; what then? Would the minister answer my question right now?

Mr. MANION: The upper house would not refuse if the trustee was breaking a law that had been passed by the parliament of Canada.

Mr. BEAUBIEN: I have been in the house since 1921 and I have seen many pieces of legislation passed by this house which were rejected by the Senate.

Mr. MANION: We have reformed the Senate.

Mr. BEAUBIEN: I do not wish to criticize the upper house, but as a representative of the Canadian people, who are the shareholders of the Canadian National Railway, I am certainly not going to delegate my power to the upper body, which is not responsible to the electors. That is my contention, and that is why I say that if this chairman of the board of trustees, this superman, is in the frame of mind to amalgamate the railways, neither this government nor any succeeding government can remove him from office unless they get the sanction of the upper house, which is not responsible to the electorate.

What powers do we confer upon this superman by this bill? In the first place we appoint a board of three trustees, but we might just as well throw two of them in the Ottawa river and keep the chairman, because no decision of the board can be put into effect unless the chairman concurs in it. The other two trustees are nullified entirely except they agree with the chairman. Then why appoint three? Why not let this superman run the show? Of course, I suppose there is no place for two supermen in Canada.

Section 11 of part I provides:

> The trustees may decide or act at meetings only by unanimous vote or by majority which includes the chairman.

The Board of Railway Commissioners can give a decision without the chairman of the board concurring in it, and many such important decisions have been given by the Board of Railway Commissioners, with the chairman dissenting from the judgment. But in this case we give the chairman of the board of trustees power to do what? There is nothing under the sun in regard to the railways that this trustee cannot do. He can give leases, he can dismantle, he can do anything. Have the railways of this country got into such a position to-day that we, the people's representatives in this house, representing the shareholders of the Canadian National Railways, are going to pass legislation which will take away from us any control with regard to the national railways and put complete power in the hands of one man?

[Mr. Beaubien.]

I do not think the minister is fair in asking the house to pass this legislation. I do not think the government is fair in expecting us to cooperate in passing it, nullifying, as it does, the power of parliament in connection with the Canadian National Railways, making the minister nothing more than a messenger to bring the report into the house and lay it on the table. Surely the minister is not serious in wishing to belittle his office to that extent. I should be more confident of the results if the minister would retain the responsibility he has to-day instead of delegating it to this board.

Has the public any rights under this bill? Can the public appear before any of these tribunals? I do not see any place in it where the public is considered at all.

Mr. MANION: The chairman of the tribunal can allow the public to appear and make representations before any tribunal that is sitting. It is in the act.

Mr. BEAUBIEN: Well I have read it; probably I am not as quick mentally as the minister, but there are many things that he does not know about the act or he would never have introduced it. I say that to the minister, because if he knew as much as I think he should know about it, he would not have it before us at all in its present form.

Then we come to part III, which deals with the tribunals and provides for cooperation. We are going to force them to cooperate. I would ask, how many times will the railroads cooperate after they have been forced by this tribunal to do something they do not want to do? A decision of the tribunal must be against one railroad or the other. Will the railroad against which the decision is given be very much enamoured of this arbitral board? You cannot have cooperation and compulsion together. The hon. member for Winnipeg South Centre (Mr. Kennedy) last night compared this compulsion to the wheat pool contract in western Canada. There is no similarity whatever; the wheat pool members were all assembled at meetings in their local districts, at conventions for the whole province; they had their say and formulated their plans. But by this bill only one man has anything to say, and that is the chairman of the arbitral board.

The more I read this bill, Mr. Speaker, and listen to the speeches made in this house, the more I am against it. The bill makes no contribution to the solution of our railroad problem.

Mr. TOTZKE: The minister is against it.

Mr. BEAUBIEN: My hon. friend says he thinks the minister is against it. I think my-

self if the minister sat another week hearing the good speeches being delivered from this side of the house he would be against it. One of the important things that should be done with the Canadian National is recapitalization, but there is nothing in this bill to bring that about.

Mr. McGIBBON: What good would that do?

Mr. BEAUBIEN: It would put the Canadian National before the Canadian public at its real physical value instead of the value my hon. friend has been trying to put on it for the last two years.

Mr. McGIBBON: You are only trying to fool yourself.

Mr. BEAUBIEN: I am not trying to fool myself, and you have not fooled me either. I am against this bill because it is going to bring about amalgamation. I am against it because the public are not going to have any say in the administration of the Canadian National Railways. I am against it because it is going to throw thousands and thousands of men out of employment and demoralize the business of a good many parts of the country. The country is demoralized enough now. The policy of this government has stifled business enough without making it worse with this legislation. So I intend to vote against the second reading of the bill, and I am sorry I have not more than one vote.

Mr. W. G. WEIR (Macdonald): Mr. Speaker, in rising at this late stage of the debate to add a few words one naturally realizes that most of the ground has been covered and that not very much new material can be brought in. I find myself largely in agreement with my good friend the hon. member for Provencher (Mr. Beaubien) as far as this bill is concerned, and I also say to him that he has to quite an extent taken my speech. However, my remarks like his, will be brief.

The railway problem of the Dominion of Canada, as well as the details of this bill, first dealt with in the Senate and then passed on to the House of Commons, have been given a good deal of consideration and ably discussed, I think every one will agree, by hon. members on both sides of the house. I think that the people of Canada will now have an appreciation of the country's railway problem such as they never had before. Regarding the matter of amalgamation, and the statement of the Prime Minister (Mr. Bennett) a few days ago that he would be prepared to have reintroduced into the bill the clause definitely stating that there shall be no amalgamation between the Canadian National and Canadian Pacific railways, I confess I do not know how the public of this country will interpret that statement. The bill provides for very extensive cooperation and joint use of facilities throughout the country, but I am afraid that this is just the thin end of the wedge to bring about amalgamation of the two railways. Much has been said in the country regarding the proposal of Mr. Beatty, president of the Canadian Pacific, who urged at least amalgamation of management, and stated at different times that unification of control of some character would effect a saving in operation in the neighbourhood of $75,000,000 a year. I think it is only fair that the people should know that that statement was based on some 5,000 miles of railway mileage being torn up and service discontinued to a large number of people, as well as throwing out of employment many railway men, together with others who serve railway people in different parts of the country. So that as regards the concession of the Prime Minister as to reintroducing the clause prohibiting amalgamation, I think the people will be rather dubious as to its effect and they will be disposed to say they would prefer not to part with the control of their railway.

I think it can fairly be said that our railway problem has not been created in toto by either political party in this house. The speeches of the hon. member for Antigonish-Guysborough (Mr. Duff), the hon. member for Swift Current (Mr. Bothwell), and the hon. member for Shelburne-Yarmouth (Mr. Ralston), clearly indicated that the Conservative party prior to 1920 played no small part in the creation of the present problem.

Mr. McGIBBON: A good deal smaller part than the Liberals.

Mr. WEIR (Macdonald): I am not so sure about that. I will say to the hon. gentleman that if this problem has been intensified since 1920 it has been largely because of the policies inaugurated previous to that time by the Conservative party, and that it was done in order to give to the people of this country the railway service to which they are entitled and to bring the road up to a state of efficiency where the Canadian people would be proud of it. I think hon. members will agree that this has been accomplished. I am generous enough, Mr. Speaker, to go so far as to say that the railway problem is in reality not due to either political party, or perhaps it would be better to say that it is due to both political parties. I was almost going to be generous

enough to say that the railway problem in the main was created by the Canadian people themselves. Certainly it is their problem today. Whether or not it was theirs in the beginning may be doubtful, but the fact is that the people demanded branch lines and other services. They may have been encouraged to request some of these services through propaganda and other inducements held out to them by certain sections of the country, but I think it is safe to say that in the main, and particularly so far as branch lines construction is concerned, the people wanted the branch lines and the country needed them. So I say again that to a large degree at least the problem is the responsibility of the Canadian people and it is for them to solve it.

The railway problem in Canada will not be solved simply by passing this legislation. The people are anxious that their burden of taxation, so far as the railways are concerned, should be lifted as much as possible, but I want to say to the minister and to the government that in working out a policy in connection with our railways the people must be given more consideration than appears to be shown in this bill. I say the people must be trusted in this matter; their interest in the railways cannot be delegated to any board of trustees that might be appointed by any government for all time to come. I think everyone appreciated very much the frank presentation made by the minister with regard to this matter, and I should like to say to him that I think he should make the same statement to the Canadian people as often as possible. I believe that if this railway problem is to be solved at all it will be done by presenting the facts in connection with our railways to the people frankly, honestly and conscientiously. In that way and no other we will secure their whole hearted cooperation in the solution of this problem. I have in mind cities, towns, villages, boards of trade and other community organizations that may be materially affected by the passing of this legislation. I believe they will make vigorous protests to the government if their particular services are unduly curtailed, but I submit that if the situation is placed before them frankly and honestly by the minister or the government, or both, the people will submit to hardship and the curtailment of service much more readily than if they have to submit to the arbitrary jurisdiction of a tribunal composed of three men.

I do submit, Mr. Speaker, that it is too much to ask the Canadian people to place their railway affairs in the hands of three men who shall have absolute control of the Canadian National system and all that belongs to it, while the Canadian people have nothing whatever to say as to the manner in which the railroad policy is carried out. Here we are setting up a board of three trustees to control the Canadian National railways. I believe that if the problem were placed before the people frankly and honestly they probably would not protest too vigorously against the curtailment of services which may take place. But when the time comes, as we all hope it will, that the railways present a better front to the Canadian people, the people have a right to demand that the Canadian National be handed back to the jurisdiction of their representatives. I must say that I have never had much sympathy with any government policy which attempts to delegate governmental responsibility to a commission. I do not say this with regard to the federal government only; I do not agree with the idea of any government handing over to a commission the control and administration of public utilities. After all is said and done the government must assume responsibility, and this bill merely provides the government with an opportunity to escape responsibility so far as our railways are concerned.

According to the bill there are to be three trustees and the first appointments are to be made by order in council. Probably that is all right. The term of office is for up to seven years, though some of the trustees may not be appointed for that period. According to the act, however, their successors are to be selected from a panel, which is to include the two remaining members of the board. In other words this is a device of the government whereby their appointees shall continue in office, so far as the Canadian National railway trustees are concerned. The point that confuses me is this: In the event of a change of government, which is always possible, the incoming government will be saddled with a board of trustees appointed by their predecessors in office, which they cannot possibly change, in spite of what my hon. friend the minister said. In the next parliament there may be a Liberal or a Cooperative Commonwealth government, but while we have a Conservative majority in the upper house there will be no chance of removing any of these trustees. Only one of these men is to be appointed as a full time trustee; presumably the other two are to work part time. I have no particular objection to the appointment of three trustees; I would as

soon have three as five or seven or any other number, but I submit that they should be full time men. I think the job is big enough for that, and I hope the government will see to it that they give all their time to the handling of Canadian National railway affairs. Again I submit, however, that it is unfair to ask this House of Commons to appoint these men for a period of seven years, and to give them the chance of remaining there for all time to come. I should be prepared to support this bill if the government would undertake that these trustees should be appointed for a period of say three years or five years; and then, according to the success they had achieved in handling the affairs of the Canadian National Railways, succeeding governments could judge as to whether or not they should be reappointed. That is important. It is asking too much of the people's representatives to have them appointed for the long period which this bill contemplates.

A good deal has been said with reference to the different sections of the bill, but I submit again that the real importance of it is part I. The whole essential set-up of the bill is contained in that part, and if part I does not work satisfactorily then the rest of the bill does not matter. We have examples at the present time of cooperation on the part of the railways and an endeavour to curtail expenditures as far as humanly possible, so that I do not think we need worry about the other features of the bill. The important part is the selection of the men who are to operate the railways at the outset, and the term of their office. This section of the bill takes the absolute control of the Canadian National Railways away from parliament, the people's representatives, and gives to these three men unlimited powers to do as they see fit with the national system, regardless of its effect on the Canadian people. The object is, as everyone has said in this debate, primarily to effect measures of economy, and we are all in support of that. But I submit that the Canadian people should have the right to appeal from certain actions which this board might take. I think it is asking too much of the Canadian people to place absolutely under the control of three men the administration of the Canadian National Railways, men from whose decisions no one can appeal. They are virtually a dictatorship in the handling of the affairs of this railway, and that is unfair both to the people's representatives in this house and to the people themselves.

With respect to part II, subsection 2, if that can be interpreted to mean that these three men shall have the power to tear up tracks and utterly discontinue services through certain sections of the country, then I find myself in strong opposition to it. I can picture many communities which have been built up around a railway. People have gone in there with all their worldly resources in an effort to make a living, and I say that it is a national responsibility that they shall continue to have necessary transportation service supplied by the country. We cannot afford to sacrifice their interests and disregard them entirely through any action on the part of the board of trustees in tearing up tracks, discontinuing services and so on. I cannot conceive how parliament can agree to a policy that contemplates as farreaching powers as are here given.

In my humble judgment, and it is a very humble judgment, the greatest protection both the Canadian National Railways and public ownership have in this country is to be found right here in the House of Commons, and I cannot understand how members of parliament can give up that control. Some may argue that there are also in the House of Commons the greatest dangers to the Canadian National Railways and to public ownership. If that is so, then I suggest that we should adopt a code of ethics whereby it would be a disgrace to any member of parliament, or any member of the upper chamber, to use his influence, and the force of circumstances in which he might happen to find himself, with the Canadian National Railways or any other public utility, to thrust upon such organizations expenditures which were unjustifiable. It seems to me that the sooner we adopt some code of that sort the better it will be for the public utilities of the country.

There is one other point to which I would refer and in which I think the Canadian people are most vitally interested just now, with respect to the operation of the Canadian railways. The Canadian people, I think, realize their responsibility so far as railway matters are concerned, and in the effecting of economies they are most concerned with what might be called luxury expenditures in connection with the railway system. They are very strong in the opinion that such luxury services should be curtailed to the very limit. In this connection I might read a paragraph from the report of the Interstate Commerce Commission for 1931 at page 37:

> Unnecessary services should be abandoned. The expenses chargeable to passenger and allied services were 110·82 per cent of the

revenue from the services, whereas for freight the corresponding figure was 68·62 per cent.

In other words, the passenger service took 110·82 per cent of the revenues, whereas the freight service cost to the railways required only 68·62 per cent of the revenue received. A similar comparison in the case of the Canadian railways would show, I believe, an even wider discrepancy because of our greater mileage and the fact that our population is less dense. This is one of the expensive items in railway operation which the people are particularly interested in. We have only to look at what has been done; we find railways running de luxe trains with very few passengers, building huge hotels and steamships that will never pay, and undertaking other services that could have been dispensed with. The money wasted on such items could have been used to reduce operating expenses and to cut down costs, and this would be reflected back in a reduction in freight rates and in passenger and express rates as well. This is one of the important things to which attention should be given, and something which the people are looking for. If these so-called luxury expenditures are not cut to the bone or practically eliminated, I am afraid the people of the country are not going to accept with very good grace the discontinuance of certain essential services which their communities have been enjoying in the past and which we hope will be continued in the future. We cannot afford to see communties that are entitled to service entirely cut off, and I hope there is nothing in this bill which can be interpreted to mean that these three trustees shall have the power to tear up railway tracks and to refuse to give needed service in certain communities. I submit that the tracks should be left there and at least a modified service given those communities which have been built up around such railways.

There is also reference in the Duff commission's report to truck and automobile service as a competitor with the railways. I understand also that the Minister of Railways has made representations to the provincial governments regarding uniformity of regulations so far as truck service is concerned. I just wish to submit this point without enlarging upon it: I hope no action is contemplated which will mean the elimination of the truck services. These trucks provide a very valuable class of service to certain communities and I submit that it would not be fair for the government to take such action as would put them out of business. The so-called

[Mr. W. G. Weir.]

freight truck might be curtailed to a certain extent, but if curtailed too much I am afraid that business concerns throughout the country will join together and purchase their own trucks and do their own freighting and I doubt very much if the government could control that to any extent.

The most important part of this bill is part I. If the government was prepared to accept the amendment which I mentioned a few moments ago, whereby the term of these trustees would be limited to a period of three or five years, I could support the bill. The set-up of this board is to be continued in perpetuity, even after the present government may have gone out of office, and I submit that is asking too much. These trustees are to be continued in office for all time to come, which means that the people of Canada will not be able to get this great public utility back under their control when conditions improve, as we all hope they will. I submit that at the present time the railways are cooperating very effectively and eliminating duplication, so that the other features of the bill, particularly those in part III, may not be called upon very much, and probably may not be used at all. The real kernel of the bill is part I, which sets up the board of trustees. I submit to the minister and to the government, and I hope the word will be passed along to the trustees, that what the Canadian people are looking for so far as railway operations are concerned is the preservation of the essential services to the various parts of the country and the elimination of unnecessary or luxurious services which do not bring in a return in keeping with the outlay made. The Canadian people are asking that there be no further expenditures of that kind.

I submit that it is the duty of the minister to place the whole railway problem frankly before the Canadian people and to ask for their cooperation. If he puts the matter before the Canadian people in as frank and as straightforward a manner as he put it before the House of Commons when introducing the bill some days ago, I think he will find a very decided willingness on their part to cooperate with this board of trustees in the working out of the railway problem of this country.

On motion of Mr. Factor the debate was adjourned.

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

Wednesday, March 15, 1933

The house met at three o'clock.

UNEMPLOYMENT RELIEF

Hon. MAURICE DUPRE (Solicitor General) (Translation): Mr. Speaker, on behalf of the Minister of Labour (Mr. Gordon), I desire to lay on the table of the house orders in council Nos. 434, 450 and 451, dated March the 14th, 1933.

PRIVATE BILLS

FIRST READINGS

Bill No. 47, respecting The Canadian Anthracite Coal Company, Limited.—Mr. Stanley.

Bill No. 48, respecting an agreement made between the Vancouver, Victoria and Eastern Railway and Navigation Company and the Northern Pacific Railway Company.—Mr. McDade.

Bill No. 49, respecting a certain patent application of Fred Charles Fantz.—Mr. Anderson (Toronto-High Park).

RAILWAY ACT AMENDMENT

Mr. THOMAS REID (New Westminster) moved for leave to introduce Bill No. 50 to amend the Railway Act (rate structure).

Some hon. MEMBERS: Explain.

Mr. REID: In the various appeals which have been made to the board of railway commissioners for a reduction in freight rates the argument has been advanced on behalf of the railway companies that because of physical and other conditions it was necessary for the railway companies to have rates greater in some sections than in others. The board of railway commissioners have made it clear, I believe, that under the act they have no authority to make decisions on broad lines in order to develop trade or help certain basic industries. This bill, Mr. Speaker, seeks to give such power to the board of railway commissioners.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

LAND SETTLEMENT—BRITISH COLUMBIA

Mr. MUNN:

How many families or individuals were placed on land in British Columbia up to the first of February, 1933, in accordance with arrangements made with the province of British Columbia, agreement dated September 9, 1932, covered by order in council, P.C. 2067, dated September 17, 1932?

Mr. GORDON:

The agreement dated September 9, 1932, respecting relief settlement entered into between the Government of British Columbia and the Dominion government provides that the province shall furnish the Dominion with a schedule or schedules setting forth a list of the families to be assisted, with particulars as to the location in which they are to be settled. While it is understood that the province of British Columbia is proceeding with settlement this year, none of the schedules above referred to have as yet been received.

ROYAL CANADIAN MOUNTED POLICE—QUEBEC

Mr. DORION:

1. What are the names of the officers and other members of the Royal Canadian Mounted Police having their headquarters at Quebec?
2. What salary does each receive?
3. When were they appointed?
4. What has the federal government spent in respect of each such officer or member, including all items of expenditure during the last twelve months?

Mr. GUTHRIE:

1.

Name	Date appointed
Inspector H. A. R. Gagnon	Feb. 1, 1920
Reg. No. 11443, Sergt. Martineau, P. A.	April 1, 1932
Reg. No. 7976, Corpl. Delvallet, I.	June 13, 1919
Reg. No. 10273, Corpl. Lamothe, A.	April 27, 1927
Reg. No. 10467, Const. Bordeaux, J.	July 26, 1928
Reg. No. 11240, Const. Boivin, C. B.	Dec. 3, 1931
Reg. No. 10138, Const. Charron, O. W.	Nov. 6, 1925
Reg. No. 11056, Const. Casselman, W.	Oct. 10, 1931
Reg. No. 11375, Const. Gobeil, A. G.	April 1, 1932

2.

Inspector Gagnon	$ 1,975 67
Sergeant Martineau, P. A.	1,620 65
Corpl. Delvallet, I.	1,398 40
Corpl. Lamothe, A.	951 50
Const. Bordeaux, J.	390 00
Const. Boivin, C. B.	653 40
Const. Charron, O. W.	1,202 80
Const. Casselman, W.	592 30
Const. Gobeil, A. G.	1,366 05
	$10,150 77

3. For dates of appointment see answer to No. 1.

4. The following has been the expenditure during the last twelve months. It is not possible to accurately assign this expenditure to individual members of the force and therefore it is shown under the respective classifications of expenditure:

Service	Amount
Advertising	$ 5 00
Telephones, telegrams and postage.	797 22
Land and water transport, maintenance of vehicles, office furniture, etc.	3,037 32
Miscellaneous	115 87
Professional and personal services including medical and dental expenses.	274 30
Rentals, including detachment quarters and officers' quarters, garage, repairs, rental of boats, etc.	1,805 10
Provisions, rations, meals, drugs, fuel, coal and gas, gasoline, etc.	1,124 77
Railway freight, express and cartage	193 06
Transportation and travelling expenses, including railway, water, bus, taxi, subsistence and lodging, etc.	2,450 44
Pay of force	6,963 97
Allowances	3,206 80
	$ 19,973 85

SUPERANNUATION ACT—ADVISORY COMMITTEE

Mr. HANBURY:

1. Did the government appoint an advisory committee on the Superannuation Act, consisting of five representatives of the administrative side and five representatives of the staff side?

[Mr. Guthrie.]

2. If so, has the government received any reports from the said committee proposing amendments to the said act?

3. Will the government take legislative action in connection with such proposals during the present session of parliament?

Sir GEORGE PERLEY:

1. Yes.

2. Recommendations have been received.

3. It is not the intention to propose amendments to the act until the actuarial calculations on the superannuation fund have been completed.

SALES TAX ARREARS

Mr. EULER:

What amount of sales tax fell into arrears in the years 1931 and 1932 respectively?

Mr. RYCKMAN:

Total arrears of sales and manufacturers taxes outstanding as at April 1, 1930, $3,726,316.63. Total arrears of sales and manufacturers taxes outstanding as at April 1, 1931, $3,458,905.23. Total arrears of sales and manufacturers taxes outstanding as at April 1, 1932, $2,673,662.15.

Reduction in 1930-31	$267,411 40
" " 1931-32	785,243 08
" " two years	$1,052,654 48

DUFF COMMISSION COST

Mr. MACKENZIE (Vancouver Centre):

1. What was the cost of the Duff commission on transportation?

2. Have the amounts in question been paid?

Sir GEORGE PERLEY:

1. Expenditure to date, $62,338.96.

2. Yes.

LIGNITE COAL TARIFF

On the orders of the day:

Mr. ROBERT McKENZIE (Assiniboia): I should like to direct a question to the Minister of National Revenue (Mr. Ryckman), and if he is not able to answer at the moment perhaps he will take this as a notice. I should like to know whether or not the tariff on lignite coal entering the United States has been reduced recently.

Hon. E. B. RYCKMAN (Minister of National Revenue): With the indulgence of my hon. friend I will answer this question tomorrow.

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

The house resumed from Tuesday, March 14, consideration of the motion of Hon. R. J. Manion for the second reading of Bill No. 37, respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific railway system, and for other purposes.

Mr. SAMUEL FACTOR (Toronto West Centre): Mr. Speaker, no member of this house can afford to minimize the seriousness of the railway situation in Canada, aggravated as it has been by the depression prevailing in Canada and throughout the world, and any solution offered to meet the difficult problems facing the two great systems to-day ought to receive the sympathetic and thoughtful consideration of every member of this house. But, sir, that does not mean that we must swallow holus bolus a panicky piece of legislation which perhaps contains a few good clauses but which on the whole and reading between the lines means, I am afraid, the destruction of the principle of public ownership of our railway system.

I listened with a great deal of pleasure to the remarks of the Minister of Railways (Mr. Manion) in opening this debate. The hon. gentleman made a splendid speech; he gave a keen analysis of the transportation problem and made a dignified bid for the cooperation of hon. members on this side of the house. But, sir, unfortunately he was followed by the Prime Minister (Mr. Bennett), whose remarks entirely destroyed the effect of the speech of the Minister of Railways.

Mr. HANSON (York-Sunbury): That is just your opinion.

Mr. FACTOR: I am expressing that as my opinion, but I am sure it will be the opinion held throughout Canada after the people read the Prime Minister's speech. The attempt made by the Prime Minister to cast all responsibility for our railway problems upon the Liberal party brought a political flavour into this debate which was entirely unwarranted and which should not have been injected because of the magnitude and seriousness of the problem confronting us. If this debate has become more or less of an acrimonious political argument during the last few days the Prime Minister has only himself to blame. The responsibility for the present situation cannot be lodged at the door of the Liberal party; it must be accepted by the parliament of Canada and shared by members on both sides of the house. There was one responsibility, however, which was assumed by the Liberal party, and which was discharged creditably and magnificently by the administration headed by my right hon. leader (Mr. Mackenzie King). That was the responsibility of joining disjointed, disconnected, dilapidated, insolvent and bankrupt lines of railways into one great national system—a system which, despite the difficulties that are being experienced at the present time, the people of Canada ought to be and are justly proud of; a system which, for railroads, motive power and service, is second to no railroad system either on this continent or anywhere throughout the world.

The Prime Minister in his speech made the statement that the system is owned by the bondholders and not by the people of Canada, and in the light of that statement he asks for the cooperation of the Liberal party, the Liberal party which has for years stood and stands now and will always stand for the integrity of the national railways as a publicly-owned and publicly-controlled system. He asked the Liberal party for cooperation in relation to the empire trade agreement when he knew very well that that agreement was permeated with principles and policies diametrically opposite to the principles enunciated by the Liberal party. How can you hope, Mr. Speaker, for the cooperation of the Liberal party in connection with this measure in the light of the speech the right hon. gentleman made the other day?

I suggest to hon. members opposite in all kindness and sincerity that it is about time they stopped throwing around this two billion dollar baby, the Canadian National system. It was all very well for my hon. friends opposite to hug and fondle and love it when the baby was healthy and growing normally; but I suggest that it is unkind and unsportsmanlike of them now, when the baby is sick and anaemic and needs care and attention, to leave it on the doorstep of the Liberal party. Let us once for all recognize the fact that it is the child of the Canadian people, and as such we as the elected representatives of the people, irrespective of party, must care for it and maintain and support it until it grows to manhood and is able to support and maintain itself.

The transportation problem is not a new one in this country; it is as old as the history of Canada. From the very beginning of our history we have had a transportation problem; from the very beginning of our history public moneys have been expended, public credits have been pledged, and public lands given, as well as aid in other respects, both

to water and to rail transportation. Why therefore should we regret the expenditure of all this money? Did it not enable the pioneers in the dawn of our history to hew out a civilization for themselves out of a wilderness? Did it not enable those who followed these pioneers to settle on the western plains? Did it not enable our people to open up the natural resources of the country for the development of this dominion and the welfare of mankind? We have spent a good deal of money on our railways, but we must not lose sight of the fact that we have also spent millions and millions of dollars, in aids to navigation, in the construction and maintenance of canals which are now a charge on the public treasury. It is all very well to say that millions have been spent on the railways, but I say that these millions are a national investment which was responsible for the development of Canada as it is to-day.

Another point to be considered is this. The promise of railway construction was an important part not only of the terms of confederation but of the terms of the agreement under which three or four provinces entered confederation—British Columbia, Prince Edward Island and the other maritime provinces. The obligations to the maritime provinces were embodied in an agreement to construct the Intercolonial railway from Halifax to the St. Lawrence, as well as to construct the Prince Edward Island railway. The agreement with British Columbia was to connect the Pacific coast with eastern Canada, and that was accomplished by the construction of the Canadian Pacific railway which, although originally started as a government railway, was ultimately taken over and completed as a privately-owned system. We talk about the Canadian Pacific railway being a privately-owned concern. Have we forgotten, however, the millions of dollars we gave to that railway at the time of its origin? Have we forgotten the millions of acres of land we gave that railway? Have we forgotten the miles of ready constructed roads handed over to that railway? At any rate the Canadian Pacific railway was completed in 1885 and a few years after the Canadian Northern came into existence. That was a line of railway from Winnipeg northwesterly to Edmonton and easterly to Port Arthur, which so far as the Edmonton branch was concerned was completed in 1905 and the Port Arthur branch in 1901. In 1903, parliament authorized the building of a national transcontinental railway from Winnipeg to Moncton as part of the Grand Trunk Pacific proposition, and in 1911 the Hudson Bay railway was undertaken as a government road. So that the Intercolonial, the National Transcontinental and the Hudson Bay railway were constructed with public money and operated by or on behalf of the government of Canada.

In 1903 the Grand Trunk Railway made application to parliament for the construction of a line from Winnipeg to the Pacific coast, and although this application was refused, ultimately the decision of parliament led to the construction of two transcontinental roads in addition to the Canadian Pacific railway, namely, (a) the construction of the Grand Trunk Pacific from Winnipeg west to the Pacific, together with the construction of a national transcontinental road, and (b) the Canadian National Railways, constructing their line westerly from Edmonton to the Pacific coast, and extending the line easterly from Port Arthur through the provinces of Ontario and Quebec. So that we have now these three transcontinental railroads trying to do business in a country of ten million people.

Time will not permit me to trace the history and the extent of the acquisition of various lines by the government of Canada. Suffice it to say that the government of this country is responsible for the ownership and operation of more than 22,000 miles of railway now included in the national system, a system which, as I have said, the people of Canada are justly proud of, a system which, despite tremendous burdens which the Canadian people are now shouldering, they are willing to continue operating; for they will never consent to the dismemberment of the national system of railways nor to amalgamation of that system with a private concern. The people will never consent, I say, to the dismembering of the national system nor to its amalgamation or operation as a privately-owned road.

That was the transportation problem. The government, as my hon. friends are aware, constituted the Duff commission to study this problem, to look into railway affairs in Canada; but quite improperly it failed to appoint on that commission a representative of that element of the community which is just as vitally interested in the problems of the road as are the bondholders and shareholders in England and the United States. I criticize the government for failure to appoint a representative of labour on that commission because I sincerely feel that had such a representative been on the commission, the report of the Duff commission would not have contained innuendos and direct statements about the high wages paid railway workers and

about easing the burden of the railways by a reduction in wages. It should have contained some provision to take care of the human element in this problem. To a certain extent this bill does take care of the railway worker by section 2, which reads:

> The provisions of this act shall bind His Majesty and shall prevail over all inconsistent provisions of all other acts, but so that—
> (a) that part of section one hundred and seventy-nine of the Railway Act which relates to compensation of employees for financial loss caused to them by removal, closing or abandonment of any railway station or divisional point;

This legislation contemplates the laying off of many men because it provides that section 179 of the Railway Act shall continue in force. That section reads as follows:

> The company shall not, at any time, make any change, alteration or deviation in the railway, or any portion thereof, until the provisions of the last preceding section are fully complied with, nor remove, close, or abandon any station, or divisional point nor create a new divisional point which would involve the removal of employees, without leave of the board; and where any such change is made the company shall compensate its employees as the board deems proper for any financial loss caused to them by change of residence necessitated thereby.

I ask the Minister of Railways (Mr. Manion): Is it fair to the railroadman who has invested his energy, his health and his very life in the service of the railway to be displaced from his job and be made a forgotten man? And the only compensation provided for him is that under section 179 wherein he will obtain a few hundred dollars for the loss of his residence. Is the government going to ask the people of Canada to approve of a piece of legislation which will put these railroad men out of employment, make forgotten men of them and provide only this type of compensation?

The causes of our railroad problem are set out on page 53 of the report of the Duff commission. There are seven contributory causes given, and I should like to refer briefly to these. The first cause given is:

> The over-development of railways beyond the immediate needs of the country.

The parliament of Canada must assume responsibility for creating that cause. There is no use in one party blaming the other, and even the people themselves have a share in this responsibility. What remedy is provided for this cause by this legislation? Sections 16 and 17 of the bill give authority to one man to abandon railway lines, to amalgamate services and to prohibit the construction of new lines. Parliament having created this condition, having authorized the construction of these railways, should not have taken away from it the right to say what railway lines should be abandoned, what services should be amalgamated and what lines should be prohibited from being constructed. Under the provisions of the Canadian National Act, the abandonment of lines or services could be carried out only with the consent of the governor in council, and all other agreements with respect to any change in lines had to receive the approval of the governor in council. I think this section in the bill should be strengthened so that the parliament of Canada, the elected representatives of the people, should have the say in these matters. But this legislation, Bill A, removes the control, even from the executive body, and parliament has no voice in the matter.

The second contributory cause is:

> Aggressive and uncontrolled competition between two nation-wide railway enterprises, a competition the more disastrous in that one of the competitors was publicly-owned and supported by the full resources of the dominion.

This cause seems to show the fine hand of some of the members of this commission who were not in favour of publicly owned railways. What remedy is provided by this legislation for the removal of cut-throat competition? The bill merely expresses the pious hope that the railroads will cooperate. I must confess that in the short experience I have had in this house, I have never seen a piece of legislation which asks that two companies shall cooperate. We might as well embody in the marriage contract the hope that the husband and wife will agree upon all occasions. No contract could provide for a condition of that kind.

The third contributory cause, and in my opinion the most important, reads:

> The reactions of the world trade repression which began in 1929 and has progressively increased in its severity with each succeeding year.

I humbly suggest that the commission might have added the following:

> The insane policy of Tory reactionary government in adopting a selfish, and narrow economic nationalism and the idea of a self-contained nation.

What remedy is provided in this legislation for this contributory cause? None at all. Our present problem has been created because no business is offering and no tonnage is moving. The bill provides no remedy. Perhaps the only remedy available is a change of government which I hope will come soon.

The bill does not deal with this cause nor does it deal with the remaining four contributory clauses, which time does not permit my reading to the house. This legislation merely touches the fringe of this gigantic railway problem. In so far as it attempts to eliminate cut-throat competition and extravagant expenditures I am in agreement, and so is every hon. member of this house, but we should not lose sight of the fact that it was not only our railroads that went through this mad dance of uncontrolled and jungle competition. What about our industries? Some of them ruined themselves by unrestrained competition and over-expansion. What about our own individual selves? Have we not been competing one with the other for more and more material wealth and a more luxurious existence? It was only the trend of the hectic prosperity which prevailed from 1928 to 1930. Those who were in charge of the management of the operation of our railroads were only human beings; they followed the trend of the times and were guilty of making some intoxicating expenditures. But the blame cannot be attached to our national system alone; the privately owned company was just as guilty of reckless expenditures in connection with hotels, steamers, resorts, and so forth. Let us not be too critical and condemn the whole national system because of these expenditures.

I have carefully examined the provisions of Bill A, and in all sincerity I want to register fourteen main objections to it. Some of these may involve merely matters of detail, but others are fundamental, going to the very root of this legislation, and these, in my humble opinion, after an analysis of the bill, are objections which absolutely destroy any benefits which this measure might afford in the solution of these problems.

First, the appointment of the first three trustees ought to be made from a panel to be provided by a nominating board instead of the appointment being made by the governor in council.

Second, all three trustees and not the chairman alone should devote their whole time to the performance of the duties of their office, and not be interested in any other companies.

Third, I believe there should be five trustees instead of three, but in any event one of them should be a representative of labour.

Fourth, the chairman of the board of trustees is given too much power under section 11. The provision that a majority vote be ineffective unless consented to by the chairman should be eliminated. The decision of a majority of the board should prevail.

[Mr. Factor.]

Fifth, there should be some provision prohibiting the trustees from issuing their own bonds. The government should look after this.

Sixth, the chief operating officer should be designated as manager rather than as president of the road.

Seventh, the seven year term as provided in section 6 perpetuates the trustees appointed by the government.

Eighth, removal from office or reduction in salary except by address of both houses should be eliminated.

Ninth, subsection 2 of section 14 as to routing of export freight through Canadian seaports is unnecessary and an unwarranted interference with the performance of the duties of the trustees and the internal management of the road.

Tenth, a section in the bill as originally submitted to the upper house provided that there should be no amalgamation. This section ought to be restored, but it alone is not sufficient. It should be strengthened. If this measure is going to pass, it should contain a definite and precise provision for the integrity of our national system of railroads under public ownership and control. There should be no ambiguity in the provisions of the measure in this respect.

Eleventh, section 16 is the most dangerous part of the legislation. It enables a one-man board to do everything, to amalgamate, to abandon lines, to lease lines, and this without the consent of parliament. Not only should the provisions of the Canadian National Railways Act be embodied in this measure, but it should be extended so as to provide that in addition to the governor in council the elected representatives of the people should approve before any amalgamation or any abandonment of lines takes place. After all, we must realize that settlements were made and new communities built up because of the construction of these branch lines, and surely before any of them are abandoned, the elected representatives of the people should have some say.

Twelfth, the creation of a tribunal as required in case of a disagreement should be enlarged so as to permit the public, the workmen or a municipality or any responsible body of citizens to initiate proceedings before the tribunal. As the measure stands now, only the railroads can initiate proceedings or cause the creation of the tribunal. It may happen that the railroads may have no need for a tribunal of this kind; they may agree to abandon a certain branch line or to the amalgamation of a certain service, the result

being to the detriment and disadvantage of a community or a particular section of the country, and that community or that particular section is helpless to create a tribunal before which it can bring its grievances. This legislation, if it is to pass, should contain a provision enabling communities aggrieved or any responsible body of citizens such as a board of trade, to place their complaints before an arbitral tribunal.

Thirteenth, I am not so sure that it is in the interests of the public to have the chairman of the board of railway commissioners as chairman of all these tribunals as provided by the measure. He may be and undoubtedly is a man of ability, a man who has a great deal of experience, but if he is the chairman of all these tribunals he is going to be bound by precedent, by tradition, and I believe he will be unable to administer justice at all times. If any dispute arises which requires the creation of a tribunal there should be a different chairman in each case. Hearings of the tribunal should always be public except when some confidential information is required to be divulged.

Fourteenth, I certainly object to the entire dissociation from parliamentary control of the biggest business owned by the people of Canada, namely, our national railway system, and the vesting of it in the hands of a one-man board.

Time will not permit me to go into some of the other details of the bill. I want to conclude with these remarks: This legislation does not adequately meet the difficult problems facing our railways to-day. It may be a step in the right direction, but, as I pointed out before, it is taken at the sacrifice of the very principle, the foundation of public ownership, and time alone will prove the efficacy of the measure. The Canadian people are looking to this parliament to give them some relief in the way of lessening the burden of taxation under which they are being crushed. The people are carrying an unbearable load of federal, provincial and municipal taxation and they are looking to parliament to give them relief through drastic measures of economy in the government of our country and the administration of our railroads; but I say, full well realizing the tremendous burdens imposed by taxation and by the deficit of our national railway system, the people of Canada are willing, yes, ready to continue to carry this burden and will not consent to the dismemberment of this great national undertaking.

Mr. CAMERON R. McINTOSH (North Battleford): Mr. Speaker, in rising to participate for a short time in this debate, I do so because of a sense of duty to the riding that I represent in this chamber and also because of the sense of duty that I have to the great west, to Saskatchewan, the province from which I come, and, in the last analysis, to Canada which must always be an important factor in weighing pro and con one's vote in this house. I am taking part in this debate also because I am far from being enamoured of the Canadian National-Canadian Pacific railway bill that has been introduced by the present government. In other words, the bill is not satisfactory to me.

Another reason why I am taking part in this debate is that I do not want this opportunity to pass without registering my protest against this measure originating in the Senate when it should have come in the first place before the people's representatives in this House of Commons. Lastly, I am speaking in this debate because I am satisfied that the more members who do so the wider will be the area of opposition to this legislation, which is covered pretty largely by a report from which I shall quote before I am through, but which report is prejudiced in more ways than one.

One of the conspicuous features of this debate up to the present time has been that so few members on the government side of the house have participated in it. I wonder why. I wonder if it is because they have no cause upon which to base a debate. I wonder if it is because they feel that this measure is satisfactory. I cannot conceive of any such notion on the part of any hon. member sitting to your right, Mr. Speaker.

The railways of this country have played a very important part in the opening up of western Canada. I would ask hon. members just where Canada would be to-day if it were not for the two great railway systems, both of which have been a great asset and have helped greatly to open up the four western provinces. But for them we would have no Canada as we know it to-day. We would have only a part of this dominion. When we are discussing this question we must not forget the phenomenal development of Manitoba, Saskatchewan, Alberta and British Columbia, most of which has taken place from the first days of the present century.

Up to 1880, of railway development in the west, there was very little. But from 1880 to 1885 the Canadian Pacific railway system was in the building and in 1901 and 1903 were laid the foundations of the other great trans-

Canada systems—the Canadian Northern, the Grand Trunk and the National Transcontinental. They aided in the development of the great lone land known as "the west." It would indeed be a great lone land to-day if it were not for these two great railway systems. We speak of that country as a land of magnificent distances, which in itself indicates that the distances are so great that without railways settlement would be almost impossible, and development would not come as it should. But the railways daringly penetrated into the areas north and south and east and west, and then this great lone land took on new life. This land of magnificent distances became easier to settle and build up, and in its building up, first the railways, and then the automobile, together with human effort, played a conspicuous part and brought the west to what it is to-day.

Before proceeding may I say that I have not a word to say against the Canadian Pacific railway system, because from President Beatty and his staff right across Canada I have found, as a member of parliament, that those who are running that great railway have always been on the alert to do the best that was possible by the country. The treatment that was accorded me by that system has been in every way satisfactory. The Canadian Pacific Railway is wisely extending its branch line services throughout the prairie provinces. So far as the Canadian National railway system and its late lamented president, Sir Henry Thornton, is concerned, I received also from that system the very best of treatment. I found the late president the soul of honour and efficiency and every member of his staff and every representative of the system always eager to do their part in a constructive and businesslike manner in the opening up of backward yet productive sections in northern Saskatchewan. No politics so far as I could see ever actuated the late president or the officials of the National system in the parts of northwest Canada with which I am intimately acquainted.

Dealing with North Battleford more particularly at the moment, may I say that it is served by a main line and also by many branch lines. The main line that passes through North Battleford was built during the early part of the present century, running from Winnipeg and Saskatoon to North Battleford, and on to Edmonton. That is the old Canadian Northern main line. Then branch lines were built to Prince Albert and northwestward to Edmonton. But until after 1925 that part of Saskatchewan was not served as it ought to have been served by the railways. If you took a poll to-day of the electors in that part of Saskatchewan I am sure that you would find very few of them opposed to the sound development policy that was carried on by the late president of the Canadian National railway system. So far as conditions at the present day are concerned, in the North Battleford federal riding we have some construction not completed, and it has remained uncompleted because of the "penny-wise and pound foolish" economies which are being effected by the present government. May I point out that every mile which remains uncompleted would pay if built and bring in revenue to the National system, and help to meet the interest on its capital structure. Why this government is not pursuing a policy of sound constructive effort in northern Saskatchewan in regard to branch lines I do not know. Surely when you build a grade of sixty-nine miles, and then leave the ties by the side of the grade rotting, and allow the grade itself to fall to pieces, surely that is not economy. It is not sound business; it is not fair treatment; and I am here to-day to echo my protest against the retrograde policy pursued by the Minister of Railways and his department and the government in tying the hands of the Canadian National railway system and depriving of railway facilities that great area of country where there is business to be had for the railways, and where branch lines ought to be constructed, and where every mile constructed would mean enhanced revenue for the national system.

Coming to the question of the Duff commission which inquired into the railway situation in this country, I notice that the number of commissioners was seven; one from the maritime provinces, one from Quebec, two from Ontario, one from the western provinces, one for the United States bondholders, and one for the United Kingdom bondholders. I do not know why we had to imperialize the commission by appointing a representative from Great Britain. That may be all right, and it may be all wrong. Nor do I know why we should Americanize the commission by appointing an American to tell us in Canada what to do about our own railways.

Mr. MACKENZIE (Vancouver): Canada first.

Mr. McINTOSH: Yes, I would say that here was a place to carry out the Canada first principle, and have a full-fledged Canadian commission inquire into the Canadian railway situation and make a report. Instead of having two representatives from Ontario on the commission I would have had one. I would have had one from the three prairie provinces

and one from British Columbia. Do not mistake me. I am not arguing simply for geographic structure; I am not arguing to have geographic areas represented, but I am arguing that Canada as a whole, the whole nation, should be represented. In this respect there was only one man from Winnipeg to the ocean—a distance of 2,000 miles. Who was that man? He was a university president—a very splendid man—but one who could not be expected to know much about railway matters or to pronounce wisely or constructively upon the problems to be dealt with in any far-reaching investigation into the transportation question.

More than that, there was no representative of labour on the commission, and no farmer representative. Why should not the commission have had a representative of the great agricultural industry of this country, the industry which in 1930 the Prime Minister was going to protect to a point of prosperity. Then, when he appointed the commission he had not enough thought for agriculture even to give it a representative, when an inquiry was being had into transportation matters of special significance to farming. He gives no representative to labour. What is he doing? By his words, by his actions, by his appointments he is simply crucifying farming, crucifying labour; that is all he is doing. He is keeping them from having a voice in the report of a commission which will have far reaching effects upon the transportation, agriculture and labour problems of Canada.

We are told that every great event has its roots sunk deep in the annals of the past. The report of this commission is an event; I would not say it is a great one. Every near great event has its roots sunk not so deep in the annals of the past, and every minor event has very few roots to sink into the past or anywhere else. May I say the report of this commission is therefore not a great event or a near great event, but rather a minor one. This document is only an average event—a poor average event at that. I shall endeavour to show why it is a very, very minor affair, and why all the statements contained in it should not be heralded far and wide as the last word in the investigation of Canadian railway problems. I shall deal now with some of the prejudiced presentations made by this commission. If I can show that the commission has made mistakes, has made presentations that are neither sound nor unprejudiced, then I for one, as a member of this House of Commons, will have very little faith in the report of such a commission.

Let us turn, for instance, to the nine-year statement of comparative earnings shown at page 15 of this report. What do we find? When dealing with the Canadian National system we find included in that system all the lines in the United States and in Canada. In other words so far as the commission is concerned, we are looking at the Canadian National system from an international viewpoint. But what about the Canadian Pacific Railway. We are not looking at it from an international viewpoint, but from a strictly national viewpoint. In my estimation we have there the first prejudiced presentation of the commission. Comparisons made by it are not sound. It is comparing the Canadian Pacific Railway, a Canadian system, with the Canadian National Railways, a Canadian-American system. It compares a national system with an international system. When we think of comparisons our minds turn to the comparison of similar, not different things. In that respect I believe the prejudice of the commission is clear and plain.

Let me go further. On the same page we find figures showing the interest paid on securities in the hands of the public. The figure shown for the Canadian Pacific Railway is approximately $122,000,000 and for the Canadian National Railways $402,000,000 odd.

Mr. MANION: I believe the hon. member is incorrect.

Mr. McINTOSH: If we take the mileages as about 23,000 for the Canadian National Railways and 16,000 for the Canadian Pacific Railway, and apply the average security per mile of the Canadian Pacific Railway to the Canadian National Railway, what do we find? We do not find the figures I quoted, at all. We find a different set of figures. For the Canadian Pacific Railway we have the same figure, about $122,000,000, and for the Canadian National Railways $177,000,000. In other words, the first figures as given by the commission were three and a half to one; in the second place the figures turn out to be about one and a half to one. Therefore, when we compare the two figures we find that the first is about two and a third times out.

Mr. MANION: Would the hon. member tell me, as a matter of information, what the $122,000,000 is?

Mr. McINTOSH: Interest paid on securities in the hands of the public.

Mr. MANION: Of the Canadian Pacific Railway?

Mr. McINTOSH: Yes.

Mr. MANION: It is about one-sixth of that.

Mr. McINTOSH: Turn to page 15 of the report and you will find it is exactly what I said. That is another prejudiced presentation I find in the report of the commission.

Let me turn now to another. On the same page in the report we find an item dealing with rentals for rolling stock. In that connection the Canadian National Railways is debited with over $23,000,000, and the Canadian Pacific Railway is credited with $15,000,000. In other words, the commission has drawn the attention of every reader of the report to the fact that there is a difference between one rolling stock rental and another rolling stock rental of approximately $38,000,000. What is the fact? The commission makes the statement that:

> Whereas in 1922 the Canadian National had 12·7 per cent more passenger train cars than the Canadian Pacific, in 1931 it had 18·1 per cent more. In 1922 the Canadian National Railways had 34·4 per cent more freight cars than the Canadian Pacific and, in 1931, 40·9 per cent more. The average mileage operated (first main track) of the Canadian National system was 39·6 per cent greater than that of the Canadian Pacific. The ratio of freight car ownership of the Canadian National system is thus found to approximate closely the difference in the actual mileage operated by the two systems. Generally speaking, the Canadian National has been abundantly equipped.

Well, the Canadian National system is abundantly equipped now, but what about it in 1923, 1924 and 1925? In what condition was it up until the last year or two? The commission did what? Whether purposely or not, it failed to note that while in 1922 the Canadian Pacific cars were modern and up to date, those of the Canadian National system were old wooden boxes which had to be replaced, because other roads refused to accept them on their lines. That is another prejudiced presentation, and when I read it I naturally come to the conclusion I can have no confidence at all in the report.

But let me proceed; let us turn to capital expenditures as they are shown at page 19 of the report. We are told again that the Canadian Pacific system is confined to Canada while, as a matter of fact, it is not. The Canadian National system is again presented in an international light. What difference does it make? It makes a difference in the capital expenditures of the Canadian National Railways of at least $58,000,000 not mentioned by the commission at all. Then, if we take the figures at page 19, and divide the Canadian National Railways capital expenditures by the number of miles in the system, what do we get? We get about $19,000 per mile. If we take the capital expenditures of the Canadian Pacific Railway and divide them by the number of miles in the system we get what? We get approximately $20,000 per mile. What does that mean? It means that from the standpoint of capital expenditures the Canadian National system did not spend as much as the Canadian Pacific system, although it appears to have excited the commission a great deal, and prompted it in the report to take a fling at the Canadian National system wherever possible.

Now let me take up another point. At page 52 of the report the commission said:

> When considering the scale upon which branch line extensions and acquisitions, as well as hotel expenditures were made, and railway and steamship services duplicated, it is impossible to avoid the conclusion that the board of directors and the management of national railways were amenable to political influence and pressure, which it would have been in the public interest to have withstood.

This is a sweeping statement, and no doubt the commission thought it very eloquent, but what do we find? The investments of the Canadian National and the Canadian Pacific are as follows:

	Canadian National	Canadian Pacific
Branch line construction.. ..	$ 73,256,570	$ 65,067,288
Branch line acquisition..	18,780,309	5,347,378
Hotels..	31,828,234	71,148,772
Steamships..	7,201,117	6,339,302
Ocean steamships..	.....	50,271,336
	$131,066,230	$198,174,076

So after all the Canadian National did not spend money like water, as the government and its propagandists say; they did not throw money to the winds. They took cognizance of wise railway development and safeguarded every dollar of public money spent on branch lines and railway development. I would change that paragraph with regard to political influence and pressure to read thus: "When considering the scale upon which branch line extensions and acquisitions as well as hotel expenditures were made, and railway and steamship services duplicated, it is impossible to avoid the conclusion that the board of directors and the management of the Canadian Pacific Railway were amenable to influence and pressure it would have been in the public interest to have withstood."

I would balance the picture; my figures go to prove that if such a statement should have been made at all it ought to have been made with regard to the Canadian Pacific in the first place rather than the Canadian National.

That is the fifth prejudiced presentation I find in this report, and therefore you cannot wonder if I do not put much credence in it. I do not believe it was necessary to have a

royal commission to investigate transportation in Canada; I think that investigation should have been carried on by the Minister of Railways and his department. I believe he could have saved a great deal of public money had he done so. The minister quoted Sir Henry Thornton and President Beatty as having put themselves on record in favour of a transportation commission, but I do not think their statements had very much effect on the policy of the government. I believe the government determined to appoint this commission, and I do not think they should try to protect themselves in any rearguard action by saying that the sentiments of the presidents of the two roads had anything to do with the creation of the commission at all.

In his speech the minister said this was a cooperative bill. When I heard that I thought of that quotation from Shakespeare, which I might paraphrase as follows, "Methinks the Minister of Railways doth protest too much." This is not a cooperative bill at all; it is a coercive bill. Anyone who reads the bill must realize at once that it is compulsory from first to last, and that is why I am opposed to it. I thought the minister made a splendid speech; he discussed the transportation problem dispassionately, as I think it should be done. At the same time I think it is well that we should put ourselves on record for or against this measure, and so far as I am concerned I am against it. The minister went on to say:

> There is, however, every expectation, particularly after the events of the last week, that we shall in the near future experience that revival in business which we confidently anticipate.

We are to have a revival in business because of the upheaval which occurred in the United States, according to the minister. I do not think we shall have any such revival as a result of some international event; I believe international action will have something to do with it, but I believe a business revival, like charity, should begin at home. So I think it would have been better if the minister had put himself on record as being opposed to the fiscal policy of his own party. Only if his party is driven out of power will we experience a national revival which, in common with an international revival, really will get us somewhere.

Then the minister went on to say that as a matter of fact it was not so much the wheat and grain traffic that was the paying traffic of the railways, as the fact that the people of the west were selling their products at a reasonable price and had the money with which to purchase goods from some other section of the country, thus providing return traffic, and the total traffic brought about the prosperity of the railways. That is sound logic, but I do not think we are going to have any return traffic while the policies of this government are in operation. I believe we must have a different policy. We sell our wheat, our cattle, our pigs and so on for almost nothing, and we have no buying power which would mean full cars coming back from eastern Canada. Therefore I find it hard to believe that there will be any real revival of business until this government is driven out of office.

Mr. GOTT: That will be a long time.

Mr. McINTOSH: Not so very long; I should say a number of months hence will see its end. When the government came into power employment was at a higher level than it is to-day. Now employment is more than twenty-five per cent less than it was in 1930, and unemployment has risen from eight or nine per cent to twenty-five and a half per cent. Parliament has been departmentalized; parliamentary rule has been scrapped and ministerial authority has taken the place of parliament. The Canada first high tariff policy has turned out to be the Canada last business policy, with the result, as the minister himself told us, that we have low prices, few markets and very little buying power. Naturally the cars come back empty from the east, and Canada finds itself in a demoralized business condition.

In the few moments left at my disposal, Mr. Speaker, there are one or two other points to which I should like to refer in connection with this bill which resulted from this prejudiced report. With clauses A, B and C of the preamble I could agree, if I had to, but part I of the bill which provides for the appointment of three trustees, though really there is to be only one superman who will administer the property and operate the road, is entirely unacceptable. I would rather think that instead of three full time men composing the board there should be five, one of whom should represent labour: I believe the result would be more satisfactory. More than that, I would not have the board appointed for seven years and I would not allow it to perpetuate itelf. I would have it operate on the majority rule, and I would not give it the full power of veto. I do not think it should have dictatorial powers; I do not think we should have even a figment of autocratic control in this country in anything. I am afraid the remedy may prove to be worse than the disease itself. With regard to the removal of that board from office I think this parlia-

ment should have control, and there should be no need to have an address presented from both houses. The house which controls the revenue and which represents the people of the country should have the whole say as to when this board should abdicate in order to get rid of a one man board that does not and never can command the support of the Canadian people.

More than that, the men who are appointed to this office should be men who are firmly convinced of the possibilities and the practicability of the Canadian National as a publicly-owned system. The trustees should be made responsible to the minister of the crown, the minister to parliament and parliament to the people. We want no more dictatorial boards in this country. We had enough of dictatorial power in the war for a period of forty-eight months, as a result of which there was added to the financial burden of this country something like $1,700,000,000. Had the Laurier policy been adopted during the war this would have been avoided. We should have conscripted capital and paid for the war as we went along. That policy was turned down however, and we fiddled and fooled with a policy of union government, which was in reality a Tory government, with the result that to-day we have added to the financial burden of the country more than a billion dollars that should have been liquidated between 1914 and 1918. And now hon. gentlemen opposite are now trying to damn the Canadian National system because the financial structure is topheavy, notwithstanding the fact that they sat by for forty-eight months and allowed the country to run so loosely that millions of dollars were squandered on the pretext of winning the war.

In regard to part II of the bill, with respect to cooperation, I would say that the two railways are cooperating at the present time. They are cooperating voluntarily and that is the only true kind of cooperation; there is no other way of bringing about cooperation, and public opinion as a driving force must inevitably bring the two roads together in such a way as to secure the utmost economy. There is no need to hold a big club over the railways, the railway department or parliament. If the roads were left to cooperate voluntarily—wisely directed by the responsible minister—I am satisfied that the railway problem of this country could be worked out satisfactorily and the department would in this way hold its responsible position as a department of the crown. Furthermore, the responsibility of parliament to the people would be upheld and Canada could look the world in the face and feel that she was standing on solid ground, and not sacrificing those principles of parliamentary rule which have been handed down to us from the past.

With respect to part III of the bill dealing with the arbitral tribunal, in my opinion this is another piece of dictatorship and I am not free to accept it. So far as the struggle for responsible government is concerned, may I read a passage or two from Edward Porritt's Evolution of the Dominion of Canada. And here, let me make this observation. If hon. gentlemen opposite suppose for a moment that Liberals have forgotten the struggle for parliamentary rule in this country they are sadly mistaken. We have not forgotten that struggle; we stand on the sound ground of individual and political liberty, and we want to have that principle applied to all parliamentary government and all parliamentary action. So long as that principle is not adhered to, then I say that we are not on anything like solid ground. Here is what this author says with regard to the important question of responsible government in this country:

> The claim for responsible government was conceded in 1841. The concession was withdrawn in 1843, but was completely and finally conceded in 1849. Its first and its final concessions were due, not to anything actually stated in the act of 1840, although that memorable act was the key to all the constitutional freedom now enjoyed by all the dominions.

Observe those words, "all the dominions"; not merely all Canada, but all the dominions. In other words, we unlocked the door to parliamentary freedom to all the dominions under the British crown:

> They were due to the statesmanship and democratic spirit of Sydenham, Bagot and Elgin, three of the four governors general who were in office from 1839 to 1850, and also, it is important to note, to the new policy literally forced on Downing street by the Liberals of Upper and Lower Canada, who were in control of the legislative assembly of the united provinces, during the first decade of the constitution of 1840.

There you have in outline the struggle of the past for responsible government in this country, and as a member from western Canada and a Liberal I say that unless the legislation passed by this house is in keeping with responsible government, fought for and won in the past, I am opposed to it. This bill, from its first word to its last, so far as I can see, is contrary to those principles, and therefore as a Liberal and a Canadian I oppose the measure in parliament to-day.

What about the rights of labour under this bill? May I here read what Abraham Lincoln said in his first annual address to congress,

dated Washington, December 3, 1861. The words I am about to quote will show what that great man had to say about the relationship between capital and labour, and for my part I think he was on fundamental ground. We are not on fundamental ground so far as this bill is concerned, and we have not been for the last two or three years with respect to labour; on the contrary, we have been on slippery ground, abominable ground, and have been drifting towards ruin. Here is what Abraham Lincoln said:

Labour is prior to and independent of capital.

Deny that if you will.

Capital is only the fruit of labour, and could never have existed if labour had not first existed. Labour is the superior of capital, and deserves much the higher consideration.

How do my hon. friends opposite like that?

Capital has its rights, which are as worthy of protection as any other rights. Nor is it denied that there is, and probably always will be, a relation between labour and capital producing mutual benefits.

Labour, says Abraham Lincoln in this passage, is the superior of capital and deserves much the higher consideration, and it is because of that higher consideration that I have risen this afternoon and taken my stand as a member of this House of Commons, in behalf of labour under this bill. The labour organizations of the two railways asked for certain things. First, they asked for the welfare and interest of the human element as against the dollar bill. I do not believe this bill will ensure that, and on that ground I am opposed to it. Second, they asked for the continuance of a proven policy with regard to labour relations prevailing from one decade to another in the past in Canada. Third, they say that if labour were amply safeguarded and if capital would play the game as it should with labour, labour would put forth its whole effort in the way of cooperation and play its part in the running of the two great railway systems, in the interests of the dominion. Fourth, they declare that labour favours preserving the identity of the Canadian National railway system. So does the Liberal party. Fifth, labour is opposed to the appointment of trustees without a representative on that body. And, sixth, labour says that the time has come when the capital structure of the Canadian National system should be written down, a structure which was inflated and still is, and in which at least $1,300,000,000 should be written off.

Labour wants the system to be given a chance to function; it wants the system to be given a chance to breathe; it wants the system to be given an opportunity to go forward and serve Canada in a decent and honourable manner. More than that, labour has declared itself opposed to part III of the bill, the part that relates to compulsory cooperation. It favours the reference of any dispute to the railway commission or any other satisfactory industrial functioning body clothed with plenary investigating power, and also the calling of a conference to deal with motor truck competition, in which the various provincial highway departments and labour shall participate, with a view to working out a successful policy on labour and business principles in the management of the Canadian National and Canadian Pacific railways.

Hon. CHARLES STEWART (West Edmonton): Perhaps there has been no bill before the House of Commons at this or any other session which was of so much importance to the railways of Canada and to the people of the country as the bill which is now before us. This legislation will have far-reaching effects and I have listened with considerable interest to the speeches that have been made both in its defence, by members of the government, and in opposition by members on this side. Needless to say, everyone in Canada who has a stake in the country is tremendously interested in the idea of making a success of public ownership. I doubt if there are many hon. members or many people in Canada who do not feel that the least that can be done is to give the best opportunity possible to the public ownership and administration of this great utility. That was the object which the recent government had in mind. I for one am going to confess that when I joined the government in 1922 I had some doubt whether a great commercial enterprise of this kind could be successfully managed and operated under government auspices, but after ten years' experience and despite the criticism made of the administration and operation of the line, it can be said that it has been quite as efficient as its privately owned competitor. I do not think anyone who has given careful consideration to the history of the Canadian National Railways for the last ten or twelve years will dispute that statement. I know there are hon. gentlemen in this house who hold the opinion that a privately owned system is much superior to a publicly owned system, but those who criticize the publicly owned system, and indeed some of those who criticize the privately owned system, should bear in mind that throughout all these years

the people of Canada have enjoyed lower rates, both in passenger and freight traffic, than have our neighbours to the south upon their privately owned railways. That is something which we must not forget.

Mr. CANTLEY: That is not universally true.

Mr. STEWART (Edmonton): Almost universally true. My hon. friend should not complain.

Mr. CANTLEY: I do complain.

Mr. STEWART (Edmonton): My hon. friend's locality is enjoying a preference of twenty per cent over the rest of us.

Mr. CANTLEY: The rates are still fifty per cent higher than they were in 1912.

Mr. STEWART (Edmonton): I am not speaking of the rates in effect in 1912; I am speaking of those which have been in effect for the past ten years and comparing them with the rates which have been in effect in the United States. We should not forget this fact when we are critical of expenditures made for whatever purpose upon these lines.

I listened with a great deal of interest to the speech of the Minister of Railways (Mr. Manion). I agree with him in his plea that we should view this question dispassionately and, as far as humanly possible, not from a political standpoint. Personally, I propose to view it in that way. At times I resented some of the criticisms made of the administration of this railroad while it was under the control of the government of which I was a member, but I think it can be said that most hon. members of the house have tried to be fair in their criticism of this great national institution.

No one will deny, and the minister does not deny, that the situation with respect to our railways, both national and privately owned, is extremely critical. But we must not forget that the same thing can be said, with scarcely a single exception, of every other business in this country. We all know of industries which were thought to be stable and beyond question as to their financial standing but which now find themselves in difficulties. We must admit also that mistakes have been made in the management of our railroads, but we must remember that this management was human the same as the management of other institutions, not only in our country but in every other country of the world. These are days when our faith in our country and its commercial institutions is rather severely shaken.

Perhaps I may be pardoned for interjecting a little politics at this point. While the present government perhaps cannot be held responsible for the major difficulties of to-day, it can be held responsible for a considerable portion of the difficulties facing this institution which we are now discussing as well as other institutions in the country. The fact that barriers have been placed in the way of trade has contributed in no small degree to the difficulties of the Canadian National and the Canadian Pacific railways. I cannot conceive of any individual engaged in the transportation business who would be in favour of trade restrictions to such an extent that they practically force the cessation of operations. I made a computation some time ago and found that we have spent something in the neighbourhood of over five billions of dollars upon our transportation system. By this I mean the steamships, the necessary port facilities and everything needed for the transporting of goods in and out of the country. Nearly one-half of that huge amount has been expended with a view to the carrying on of international trade. When we erect barriers against that trade, is it any wonder we find ourselves in our present position? Is it any wonder we are seriously alarmed about our financial situation and particularly about the situation facing our transportation system?

I have no complaint to make as to some of the suggestions made by the minister, but I have a great many complaints in respect to the provisions of this bill. I agree with what many of my colleagues have said, that there is evidence in this bill from start to finish of the unloading upon or the delegating of responsibility to a board over which this government, this house or this parliament will have little or no control. I am entirely in favour of a reduction in the board of directors, but I am sorry that the minister has interjected trustees in their place. I would be entirely in favour of a board of three directors, and I must disagree with many of my hon. friends on this side when they say that there should be sectional representation upon the board. If complaint could be made of any one thing it would be that in the past we attempted to give sectional representation and representation to labour and other crafts. All of this was unnecessary and in my belief led to some of the difficulties which were experienced in the administration. I am entirely in favour of a board of three directors. I refuse to call them trustees, and I shall have some opinions to offer later on with respect to this matter.

I should like to state what I consider to be a few of the salient facts with respect to this situation, and in doing so I shall not go back beyond 1920. Let me refer to the evidence given by Mr. Hungerford before the commission, because it meets entirely with my approval and because he says, but in a much better way, what I would wish to say. I shall not cite the statement which he made as to conditions prior to 1921, but this is what he says about the situation in that year as it affects the Canadian National Railways.

The situation which confronted the new management of the consolidated properties was an extremely difficult one and it had a great multitude of problems to solve. The Grand Trunk Pacific and The Canadian Northern were not entirely completed nor equipped for operation and the earlier constructed lines of the latter company were in a very poor physical condition; while the Grand Trunk and Intercolonial were badly run down as a result of war pressure and financial limitations. All of these groups were very short of rolling stock and what was owned was generally in a poor condition of repair.

On practically all of the lines the condition with respect to ties, rails, ballast, bridges, buildings, and other features of like character was most unsatisfactory; terminal facilities required enlargement and rearrangement to permit of satisfactory and economical operation; the coordination of the various groups so as to operate as a single system involved the construction of numerous connecting lines and rearrangement of facilities. Altogether, the physical condition was such as to preclude giving even reasonably satisfactory service.

Beyond all this, the management was faced with the following combination of conditions:—

(a) Property bankrupt by a very wide margin, i.e., capitalized far beyond its earning power.

(b) Lowest average traffic density of any large system in North America.

(c) Very low freight rates as compared with other countries.

And I am confident Mr. Hungerford was comparing it on that occasion with United States lines.

(d) Necessity of spending large amounts of money to keep certain lines in condition to operate at all.

(e) The necessity of spending large amounts to place the property in reasonable and economical working condition.

(f) The insistent demand of the public for the construction of branch lines, grade separations, stations and hotels, and for a higher standard of service generally.

That was the condition of these lines in 1921. It was well said by both the hon. member for North Bruce (Mr. Malcolm) and the hon. member for Shelburne-Yarmouth (Mr. Ralston) who, speaking of this question, went more into detail with respect to these matters, that fair value—and I shall perhaps except one or two items—was obtained for the expenditure of the money that went into the lines. In 1930, when our government went out of office, we felt that the lines were in such a position that in at least one or two years they would be taking care of the interest charges due to the public. I well remember, and I heard with a good deal of satisfaction, the statement of Sir Henry Thornton on that occasion and indeed the observation of the present Minister of Railways after he took office, that so successful was this institution that within a period of three years it would be in a position to pay its way. I know that difficulties arose and I repeat that while the government of the day were not responsible for all of them, they must be prepared to assume a fair share of responsibility for some of the difficulties in which the railroads now find themselves. Hon. gentlemen opposite, rightly or wrongly, felt they were going to improve not only the railways but commerce generally by the policies which they said they would put into effect if returned to office. In that regard they kept their word; they did put their policies into effect, with disastrous results. I sincerely trust that when the budget is brought down next week they will remove some of these obstacles to trade and give some assistance in rehabilitating the railways.

Speaking of 1930, one must not forget the added burden that was thrown upon the management of our railways by the employees who were kept on and who were really not required in the service. All credit is due to the government for keeping them on, but this caused an addition to the burden of railway administration. It is true that these men had to be employed somewhere and the government did their part in providing employment or retaining them in employment when their services were really not required, but to that extent they made the position of the railways just that much more difficult.

I want to deal now for a moment or two with what Mr. Hungerford suggested and which in my opinion should be the main features of the bill. I am leaving out his evidence and simply stating what I believe was sane and reasonable advice to the commission in assisting them to bring in a report that would be satisfactory and would lead to some solution of the difficulty. Let me at this point say that I do not wish to confuse any evidence that might be given by Mr. Hungerford with my own deductions with respect to some of the difficulties under which the railways are operating. This is his suggestion:

Having regard to all the circumstances I believe the best ultimate results will follow the adoption of the following policies:—

(1) Maintain present status and organization of the two railways.
(2) Cooperation between the two companies as far as feasible subject to the condition that in any case, neither company shall suffer loss, and that one or the other, or both, shall secure substantial advantage.
(3) Continue the present policy of effecting every practicable economy in operation.
(4) Take all reasonable measures to combat highway competition.
(5) Restrict capital expenditures to:
(a) Items necessary for safety of operation.
(b) Items ordered by competent authority or obligation assumed by agreement.
(c) Items which will undoubtedly earn a full return on investment.
In view of past experience and future prospects as I see them, I believe that these measures will best meet the circumstances, particularly as there are certain encouraging features in the Canadian National Railways situation as follows:—

And I think this is absolutely true.

(1) During the period under review, operating expenses have been increased much above normal by rehabilitation work and this may now be regarded as fairly complete.

The minister took considerable credit for the reduction in operating expenses effected during the last year or so.

Mr. MANION: I did not take any credit personally.

Mr. STEWART (Edmonton): I am merely citing what my hon. friend said. If he would prefer to give the credit to the officials of the company I am quite content. The above mentioned statement confirms the reason it was possible to put into effect many of these savings. I am not going to enter into that because, as I said before, former speakers have covered the ground fairly thoroughly. But I want to reiterate that the money expended upon these lines, resulting in the position in which they found themselves in 1930, renders it much easier to-day to effect economies than otherwise would have been the case. He continues:

(2) Capital expenditures in the future will be on a much reduced scale as the general improvement of the lines has been largely completed and no considerable new mileage is likely to be constructed.

Mr. MANION: What is the date of that, please?

Mr. STEWART (Edmonton): That was the evidence given before the royal commission. Quoting further from Mr. Hungerford's evidence:

The railway is now operating in every way on a more economical basis and with a return to a more nearly normal trend of earnings it will undoubtedly earn the interest upon securities in the hands of the public and something besides.

[Mr. C. A. Stewart.]

I read that into Hansard because I for one implicitly believe that that statement is true. I believe that with reasonable economy and efficient management there is no doubt at all that the line will do as was suggested by Mr. Hungerford in giving his evidence. Despite the fact that the horizon looks very dark at the moment, I do not think it does very much good to be talking about it, I believe that we should if at all possible cooperate in measures which will bring about a return of prosperity. Cooperation may not be possible because we seem to be so widely divided upon perhaps the most important question that we have to discuss in this house. I have cited the evidence given by Mr. Hungerford because he is a man of very wide experience, with thirty-five years spent in railway operation, and he states that in his opinion the future is not so dark as it is depicted by some of our friends who are critical of the railway itself.

Coming to the bill itself, I have stated that I am entirely in favour of a board of three directors. With such a board I believe that a lot of sectional influence can be eliminated and perhaps we can get away from certain expenditures which have been incurred in the past because of sectional influence, not political but sectional, which was brought to bear upon the administration.

I am also in favour of giving the board wide powers, and in favour also of the board having control over every vestige of administration. But I might state here the reason why I differ from the statement of the Prime Minister. I do not for a moment pose as one with the wide knowledge he may have with respect to law, but when he stated in the House of Commons the other day that it was not the people of Canada but the bondholders who owned the road and were in control of the system, I think that his statement was very wide of the mark. If you, Mr. Speaker, or I were a bondholder and we were not receiving our interest, I wonder against whom we would take recourse in respect to the interest on a government-guaranteed bond, whether it would be against the property itself, or against the government which was behind that guarantee. I merely suggest that in passing because I am not going to take time now to enter into an argument as to the correctness of the statement of the Prime Minister. I assume, Mr. Speaker, that the people of Canada do own this enterprise, and that they are responsible as regards the bonds of nearly every private bondholder who has invested his money in this enterprise, and the people of Canada will have to see this enterprise through.

It is for that reason, Mr. Speaker, that I object to the name "board of trustees," because it has all the semblance of a board placed in charge of an institution in bankruptcy, and I do not believe that this line is in bankruptcy. Despite the fact that our friends opposite are placing this country in a very hazardous position by pursuing their policies, I do not believe that Canada is on the verge of bankruptcy either. I believe that the people of Canada, as in the past, will come through their present difficulties.

Mr. CASGRAIN: Under a Liberal government.

Mr. STEWART (Edmonton): My hon. friend from Charlevoix-Saguenay (Mr. Casgrain) says, under a Liberal government. I will qualify my statement to this extent, that if this government remains in office it will have to change its policies to bring the country through its present difficulties.

Again I reiterate that I am entirely in favour of a board of three directors for the reasons that I have given, and to that extent I will support the bill. But when we are conferring such exceedingly wide powers upon the board of trustees it does seem to me, despite the promise of the Prime Minister to reinsert in the bill the provision against amalgamation, that we are not sufficiently safeguarded against the disposal of the assets of the property, and when the proper time comes, in committee of the whole on the bill, I propose to move an amendment providing that the board shall not in any way dispose of the properties comprising the system without the consent of the governor in council. Despite a provision against amalgamation, which the Prime Minister promises will be reinserted in the bill, it does seem to me that under the provisions of the bill as it stands, the board can proceed to divest itself of the property. Then, in another part of the act, further powers which are very wide indeed are conferred upon the board with respect to the arbitral tribunals. In a sentence, Mr. Speaker, what I object to in this legislation is that it places in the hands of this board powers that they should not have. I repeat that I am prepared to give them every power to deal with the administration of the line and the operation of the road without let or hindrance, and they can spend the revenues that are derived from the operation of the road, as was the privilege of the old board; but to say that the board can lease or otherwise dispose of the properties of the company without the consent of the governor in council seems to me to be going much too far in the way of handing over authority to the board.

Then as regards their appointment, what in the world is the necessity for all the provisions embodied in the bill in that respect? It seems to me that the system now in vogue under which the responsibility is placed upon the government itself and the governor in council, for the appointment of members of the board, should remain. I do not know what on earth is the necessity for the enactment that reduces the responsibility of the governor in council for these appointments. I am not going to quibble over the term of office, whether it should be five or seven years, but I do say that with respect to the appointment of this board of trustees, and with respect also to the disposal of the property in any way, both these matters should be in the hands of and under the control of the governor in council.

Mr. MANION: Some of the strongest protests against it being in the hands of the government came from my hon. friend's friends in their speeches in this house. Quite a number of them took the attitude that the appointments should not be in the hands of the government.

Mr. STEWART (Edmonton): I have already said that I did not subscribe to all that has been said on this side of the house. I am voicing my own objections, as I am free to do.

Mr. MANION: You could not subscribe to all that has been said on that side because it was too contradictory.

Mr. STEWART (Edmonton): Possibly, but I am not going to enter into that. As I said, I am opposed to this board being designated a board of trustees, which is an indication that the property is in bankruptcy, and I maintain, rightly or wrongly, that that state of affairs cannot possibly exist. Secondly, while I would give the board the freest hand with respect to the operation of the road, I do think that they should be restrained from making any disposal of the property, or closing any lines, or doing anything else except with the consent of the governor in council.

There are one or two other objections which I have to register against the bill. I have said that I do not object to the term proposed, which is seven years, although personally I think five years would be better, but the process that is provided in the bill by which a director or trustee, as he is designated, can be removed only upon address by the House of Commons and the Senate seems to me a most cumbersome process. I do not think it is right. If parliament has control over the expenditures of money, and if the Senate

has no right to interfere, why interject the Senate into the measure now before us? I am for direct responsibility, and I put that responsibility upon the Minister of Railways and upon the government. They are responsible to the people of Canada, and any evasion of their responsibility will but serve to lead us into future trouble. Under section 12 we have control over capital expenditures, and whether we like it or not we are forced willy-nilly annually to vote deficits. The minister has no control whatever.

Right here let me interject that I believe the elimination of the Minister of Railways from control under this bill is a great mistake. I believe the national railways are big enough and important enough to the people and government of Canada to merit the supervision of the Minister of Railways, a man who will have at least some control and be responsible to parliament for matters in connection with administration. If there is to be a semblance at all of public ownership in operation, the minister must have some say. And the provision for the removal of the trustees in the manner indicated in the bill I entirely disapprove and it is my intention to oppose it. Moreover, I believe we would have a much greater control over the trustees or directors if they were appointed and paid by order in council.

Mr. MANION: They have always been paid by the railways.

Mr. STEWART (Edmonton): Quite so. I admit at once that that is true. Then, I take exception to the fact that the measure before us makes a bit of a czar out of the chairman. I believe on all occasions a majority vote should prevail; but in the present measure the chairman is given powers almost equivalent to those of a czar; he has practically unlimited control. Under the provisions of the bill about all the trustees are asked to do is to report annually to parliament, and present a budget. If there are deficits we will be forced to vote them, the only alternative being the privilege of refusing to vote them. That is the position in which we will find ourselves if the provisions in the bill are accepted.

I now turn to the arbitral board. At once I agree that if there is to be cooperation, if savings are to be effected in the two great railway systems, some method will have to be provided of assisting them. Undoubtedly, at times, they will disagree. As I understand the provisions of the bill, either one railway or the other will make application for a hearing. But, as the chairman of the Board of Railway Commissioners is to exercise most control in the arbitral board to be set up, and as in Canada we have had dealing with railway matters a trained body of men who, I believe, know their work fairly well and are thoroughly familiar with most aspects of railway operation, I can see no reason why those men should be forgotten upon this occasion and another board set up and given power, if necessity arises, to supersede an order of the Board of Railway Commissioners. The chairman of the arbitral board will have that privilege, under the provisions of the bill. I can see no reason for such a provision. If armed with sufficient power, I do not see why the Board of Railway Commissioners could not perform all the duties delegated to the arbitral board to be set up under this measure. For these reasons I am opposed to the measure.

Personally I believe there are many commendable features in the bill; many of its provisions represent steps in the right direction. I do, however, and shall in committee, oppose most vigorously and to the utmost of my power the provisions of the bill to which I have referred, and which do not, in my view, appear to be in the interests either of the Canadian people or of the railways themselves. Despite all that has been said in and out of this House of Commons, the national railways have given as good an account of themselves as has the system operated under private control. I do not believe it is even contemplated by any hon. member, but I say it would be the height of folly at this time, to turn over the national railways to private control or to an amalgamation with the Canadian Pacific Railway. Any government which would attempt to take such a course would meet a speedy end when it appealed to the public. The public believe that the national railways have been of immense value to Canada and, if properly managed, I believe will continue to be a valuable asset.

I do not share the gloomy views expressed by some hon. members to the effect that this and other institutions are not going to continue to function. I believe the national railways will in the future continue to serve as faithfully as they have in the past. I say, further, that I question very much whether the rates prevailing for passenger and freight traffic would have remained in effect had it not been for the nationally owned system. There would have been a tremendous urge for an increase in rates. Further, had the national railways and the Canadian Pacific enjoyed increased rates during the last ten or twelve years they would not find themselves in their present unfortunate position. I repeat that low rates, coupled with the trade policies put into

operation in 1930, have had very far-reaching effects upon the financial position of our railways. Unless these policies are changed, unless they are revised, unless there is a revival of trade, we will face a difficult situation in the future.

Many things of a domestic nature may be done to relieve the situation. Hon. members have mentioned the competition of trucks and other vehicles which has had a detrimental effect upon the railways. However, this type of evolution will continue; Canada cannot get along without her railways. At the present time I do not know of one branch line in western Canada which could be scrapped. It is all very well for a commission to sit down and say, "We will tear up the ties and rails upon this particular line." They must remember, however, that towns have been established along those tracks, communities have been growing up which the railways will have to serve. May I predict that if hon. gentlemen opposite will change their policy, if they will adopt a more moderate policy with respect to trade, if they will get off the backs of industry and the railways of Canada, there will be a change which will be immediately perceptible and we will not be worried as we are to-day about our railways.

Mr. ARTHUR DENIS (St. Denis) (Translation): I shall only add a few words to this debate on a bill which aims at improving the management of our railways. The discussion seems to clearly prove that this measure submitted to the house by the government, far from improving the situation, conceals a set purpose which the government fears to reveal and prepares the way to the merger of the Canadian National with the Canadian Pacific. The government intends to carry on its work by destroying our national economy. Not satisfied of having ruined our trade through its high tariff policy, it has decided by this disastrous and deceitful measure to confide the management of our national railway system to a committee of three trustees invested with exclusive powers, bearing no responsibility and whose chairman would rule as a master. He would become the dictator of our railways—a dictator fashioned in the school of the leader of the government.

The rights of parliament, the responsibility of the people's representatives and the interests of the country would thus be sacrificed.

A superman is sought to manage our railways. Where shall we find him? No doubt, in the ranks of the Conservative party, he will, however, be clothed with the mantle of political independence, although he may have been a defeated candidate at the last election. He will probably be a lawyer in order to interpret the act as he pleases. As you may imagine he will be a superman like Bennett, who, when speaking in the house, gave a false meaning to the words and acts of our great leader, Sir Wilfrid Laurier who, in his grave, still makes the present leader of the government shiver with fear, who is small when compared with Sir Wilfrid Laurier, but appears taller when beheld from bended knees, as his followers opposite do. I wondered, after perusing this report, whether the Duff commission threw new light on the management of our railways. Its members were certainly men of high standing, the chairman, a legal light in his day, now a judge, however, with no knowledge of railway matters, the other members were as highly qualified. No wonder that the report limited itself to writing the history of our railways and copying balance sheets, financial statements, etc., of our two Canadian railways. This commission has taught us nothing, excess mileage, too much competition between the two roads, not enough cooperation and economy. It appears that since the government has assumed power—I take the word of the Minister of Railways (Mr. Manion)—thrift has been, to a certain extent, practised by the management of the national railways; why then make a change? The only aim the government has in view, by making this change, is to appoint a superman to carry out the high orders of the administration and sacrifice our national railways and interests in order to benefit the Canadian Pacific which should bear its share of responsibility in the present plight of our railways.

There is not a word in the Duff commission of what should have really been recommended: reduction in salaries, suppression of useless positions and private cars for those who occupy these positions; reasonable railway rates, so as to improve business and not divert it to road transport, such as motor-trucks and autobus. At first, our railways imposed on the people and neglected to give an efficient service; to-day, conditions have changed. The government wishes, at the country's expense, to give us a better service, but our trade is threatened, owing to the policy adopted by the Conservative party and we have no freight to transport. However, we must not entirely blame our railways. Closely linked with our national economy, they are not only necessary but indispensable. We must foster their activities so that they may play their part in the economic life of this country.

We have two railway systems, one controlled by the state, the other managed by a

private concern. In this present crisis, sir, notwithstanding the critical situation in which are our two railways, it is the duty of the government to keep our National Railways separate. The government decided, so as to implement the Duff commission's recommendations, to bring down in the house a measure by which it hopes to improve the management of our railways. By this bill the government substitutes to the board of directors, composed of seventeen members, a board composed of three trustees, and decree that the chairman is to have, no doubt, with the co-operation of the other two trustees, absolute control of the railway management. What can be the result of such a reduction in the number of the board of directors and whence does the necessity arise? I, for one, sir, agree with the government when it restricts the number of directors. The past and present directors have been charged with unfairness—political interference, private interests and negligence—in the discharge of the duties assigned to them in connection with the management of our railways. These charges are, to some extent, substantiated. We must have in the management of our railways men who are above suspicion, possessing, to a high degree, public spirit—

Mr. LAFLECHE (Translation): 103 degrees?

Mr. DENIS (Translation): And having no other aim than the general welfare of the country.

The discussion on this bill should, to my mind, bear on the general welfare rather than on local interests. We must help our railways to give the best results. One class of people or a section of the country must not be favoured to the detriment of the other. It is service we require and not favouritism. The management of our railways must be made to understand that their part is to serve the public in the interest of the country, as a whole.

Unfortunately, I fear that in the appointment of these trustees, the government will show partiality towards their friends, and I am convinced that they will blunder as they did in the appointment of the radio commissioners. These appointments should go to men outside of party politics; however, we are quite aware that when the government appointed Mr. Maher as commissioner, it was appointing the defeated candidate in the constituency of our good friend the hon. member for Charlevoix-Saguenay (Mr. Casgrain).

Mr. CASGRAIN (Translation): Hear, hear! Thanks!

[Mr. Denis.]

Mr. DENIS (Translation): We trust, that in the present case, the government will not make the same mistake. I could mention other cases, such, for instance as the appointment of the tariff commissioners: I refer to the appointment of an ex-member Mr. Campbell, who always sided with the government. Perhaps he also helped in the campaign funds, which are supposed to be furnished by the leader of the government. This appointment was certainly not an impartial one, but was intended to safeguard the government's interests.

As I pointed out a moment ago, the only improvement which can be derived from this bill will come from the decrease in the number of the directors of our railways. On the other hand, the powers granted to these trustees are too broad, and exclusive; these powers entirely supersede the responsibility of the hon. Minister of Railways and Canals. I think the hon. minister must retain this responsibility and keep under his immediate authority this commission in order to be able to give a full account of it to the house and thereby be approved or censored.

It is time, sir, that governments, and more so this government should not divest themselves of the responsibilities inherent to self-government. The time has come to vindicate the rights of governments and parliament, the people demand it and wish to judge, finally, of the acts of their legislators, with full knowledge of the facts. That is why, sir, I disapprove of granting such wide powers to this board of trustees, because, in so doing, the hon. Minister of Railways divests himself of his responsibility and duties in favour of a so-called superman who, with his associates, will assume all responsibilities.

Part II of the bill refers to the co-operation which should exist between our two railways. It should have existed long ago. If there are people responsible for such conditions, they are here in the house. All governments, past and present, must shoulder their share of this responsibility. Railways applied to us for branch lines and built them with the approval of the majority of this house. To-day, by this bill, the co-operation of our two railways is sought. But why not also include the co-operation of the government. I think that such co-operation would be necessary for the success of the present management. On the other hand, can the government in all fairness force the Canadian Pacific Railway, a private concern, to co-operate with the management of the Canadian National, fully knowing that this co-operation is not in the interest of its share-

holders? Such co-operation should be left to the discretion of the Canadian Pacific Railway itself, and not forced upon it. I am quite certain that the latter, both in the interest and development of this country, would deem it a duty to co-operate as experience has taught us that unrestricted competition brings disastrous results.

I think, sir, with reference to Part III, which deals with the arbitral tribunal, that the government could dispense with this board by granting broader powers to the railway commission, of which the Minister of Railways might form part.

I shall now close my remarks by stating that I, for one, do not agree with the spirit of this measure, and I shall strenuously oppose it, because it does not, in any way, improve the present act with reference to the management of our national railways.

This seems to be the first important bill submitted to the house this session, however, when examined from all angles, one finds that the situation remains unchanged. This reminds me of the various measures which have been enacted to relieve unemployment. At the special session of 1930, when the present crisis started, we had in this country about 200,000 unemployed. In haste, parliament was summoned and $20,000,000 were voted to relieve these unfortunate people. In 1933, when there are in this country over 1,300,000 unemployed, the government still requests $20,000,000. That is called solving the unemployment problem. $20,000,000 when we had only 200,000 unemployed, and again $20,000,000 to relieve 1,300,000 unemployed! That is the government's rational way of dealing with the problem; it is the interest taken by this government to solve our national questions! I wonder why this administration, finding itself helpless to fulfil its duty and pledges of 1930, still clings to power, although they know that they cannot face the situation.

Some hon. MEMBERS (Translation): Hear, hear!

Mr. DENIS (Translation): All the measures enacted by this house, since 1930, are tainted with this spirit, and as I think it will react unfavourably on the welfare of this country, I shall vote against the second reading of the bill.

Mr. JOSEPH JEAN (Maisonneuve) (Translation): Mr. Speaker, until the right hon. Prime Minister (Mr. Bennett) spoke on this debate, I held entirely different views on the nature and purport of this bill. I was under the impression, as the hon. Minister of Railways (Mr. Manion) had sought to convey when he introduced this measure, that it was merely a question of making the management of our railways more efficient and economic, or rather, the management of what we thought were our railways. As a policy, we could but laud such endeavours on the part of our government and we would have co-operated, because I think it would have been our duty to facilitate the enactment of all government measures which would improve the situation, help the administration to solve the deficits of our railways, while, on the other hand, maintaining the credit of the Canadian Pacific Railway as suggested by the royal commission's report.

No doubt, we would have reserved the right to discuss certain details, as, for instance, the appointment of the management and trustees, their term of office, qualifications, number, etc. However, as a policy, I repeat it, if the bill had been such as represented to us at the outset, we would probably have approved of it.

However, the right hon. Prime Minister thought proper to give certain details which entirely gave a new aspect to the whole question relating to our railways, and which have, therefore, greatly altered my views.

The speech delivered, on Thursday last by the right hon. Prime Minister, has given rise to a great uneasiness among the public and has considerably added to the anxiety of the hour. We gather from his remarks that the railway problem that we are, at present, facing is most serious, that Canada's whole credit is involved in the solution of this problem and, according to his own words, confided to Hansard, page 2861:

> Our effort must be to save not the road alone but, as I said, because of the guarantees that have been given, the credit of the guarantors themselves.

And, in this instance, the guarantors are the Canadian government.

On the other hand, the government in introducing this bill and by the explanations given of its provisions, recognizes implicitly, as stated just now by the hon. member for St. Denis (Mr. Denis), its absolute powerlessness to solve the problem and its total incompetency.

The problem of our railways is a serious one, that is certain. It matters very little, for the moment, who is responsible for this situation. All our railways were built just as much by our federal and provincial governments and their guarantors as by private enterprise, at a time when optimism reigned and the people of Canada had an unshakable faith in the future of the country.

The railways, in most cases, preceded the development of the country and gave it its first impulse. Without our railways Canada would never have attained the position which it occupies among the leading trade nations of the world. Unfortunately, uncontrollable events happened; war and the present economic depression have spoiled our plans and created new difficulties.

It is certain that, at the start, our railways could not possibly be paying enterprises, however, with the expansion of the country following in the wake of its development which was destined to instil new economic life into the country as a whole, our railways were to meet by degree the cost of operations and reimburse, at least partly, the capital invested in its construction.

This continuous progress of our railways with the development of the country greatly benefited the Canadian Pacific, and its effects had already begun to be felt by our national railways. It is only necessary to compare the balance sheets of the two systems to be convinced of this fact. From 1923 to 1931, when the country was well administered by the Prime Minister of that period, now the leader of the opposition, and when it had reached a high degree of prosperity, the Canadian Pacific Railway distributed to its shareholders the handsome amount of $312,879,978 in dividends, while the Canadian National, during that period, was turning the operating deficits of its earlier days, into a surplus of $281,211,847.

Mr. LAFLECHE (Translation): Never, it has never had any surplus in its whole career.

Mr. JEAN (Translation): The hon. member has but to consult the report of the Duff commission, at page 15, and in reading it carefully, he will discover that the figures I have just given are correct.

Mr. LAFLECHE (Translation): Are they absolutely correct?

Mr. DENIS (Translation): If you contend that they are not, it is because you cannot read.

Mr. JEAN (Translation): Now that this trend towards progress has stopped, for the moment, the government instead of being inspired by the perseverance and hopes of its predecessors, preaches defeatism, spreads dispondency and endeavours to elude its responsibilities.

The question of the hour is one of faith in the future of our country.

Are we to take for granted that Canada has ceased to develop and forsaken all hopes which it had for its future, or are we to believe, once the economic crisis has passed, our country will take its flight towards the progress and realization of its legitimate ambition?

In the first instance, we can do no better than be guided by the leader of the government and declare our railways bankrupt as they are no longer of any use—

Some hon. MEMBERS (Translation): Shame! shame!

Mr. JEAN (Translation): —and will no further be needed for the future development of our country; curtail their services; decrease their output; abandon those lines which do not pay their way and retain only those strictly requisite for the needs of the public. I contend, sir, that this is where the present measure will lead us. That is what we clearly gather from the remarks made by the right hon. Prime Minister, the other day, when he stated in the house, that our railways are no more the property of those who built them or of those who purchased them, but have passed into the hands of the bondholders and must be put in the hands of receivers pending the winding up of their business or reorganization, as the creditors may decide.

By the way, I wonder, sir, whether this statement made by the right hon. Prime Minister, that our railways are now the property of bondholders, has any connection with the law-suit brought against the government of Canada, the Canadian National and the Grand Trunk, last year, by a group of English bondholders who wished either to be reimbursed or take possession of the company's railway system. If such be the case, the statement of the right hon. Prime Minister and the appointment of receivers or rather, to use his own words, of trustees with the powers of a receiver as provided by the act, would indicate his determination to liquidate our national railways and, thereby, threaten the future of Canada.

If, on the contrary, we still have faith in the future expansion of Canada, and I think that every Canadian citizen has a right to hope that our country, with its natural resources, undeveloped regions and its high-minded population, may yet forge ahead. Therefore, if we still have faith in the development of the country, the bill submitted to us does not meet our present requirements. It is not any receivership, even temporary, which will help our railways to weather the crisis, but, rather, a controlled and efficient management, a well planned and economic operation of our present railway systems.

You cannot suppress part of our railways without threatening the life of this country.

What we require in Canada, to-day, is not so much a policy of economy and retrenchment which will lead us to bankruptcy, but a policy of putting to good use the assets we possess. The Canadian railways are an asset to the country, but this asset can only produce inasmuch as the country develops in conjunction with the railways, and with equal strides.

Some hon. MEMBERS (Translation): Hear, hear!

Mr. JEAN (Translation): By the bill submitted to our consideration, if we are to put faith in the explanations given to us, there is no mention of facing and providing for the future of our railways or country, but simply of delaying the disaster, that is why, sir, I cannot support this measure.

If it is a fact that the credit of the whole country is threatened by reason of the guarantees given to the railways, and that its fate is closely linked with the future of our railways, we can foresee, at present, where the present administration will lead us. The way this problem is handled shows on the part of the government a delusive incompetency. For a government which was to bring complete relief and settle all questions on its assuming power, it is rather sad to note the means to which it resorts. To refer vital questions such as this one to a commission of so called experts, of whom two only had some experience in railway matters, however, strangers to this country, and to accept blindly the conclusions of this commission; I state, sir, any one could have done as much. This, again, clearly shows that the government in office is powerless to cope with the situation and their implicit acknowledgment of this fact is bound to depress our people. I shall not enter into the details of this measure. All those who preceded me in this debate, at least, on this side of the house, have clearly pointed out its defects. However, may I, in closing my remarks, state that this measure does not fulfil public expectations.

The public is, to say the least, as interested in the future of our railways as are the British, United States, or other bondholders, whose bonds are guaranteed by the government. This measure is introduced simply to safeguard the interests of the bondholders according to the statement made by the Prime Minister himself.

The railway employees, who also contribute largely to the good management of our railways, should at least, in my opinion, have a representative in the new proposed management.

The Canadian Pacific Railway, which has managed its own lines heretofore, should not, in my opinion, be forced to cooperate to its own detriment. If unrestricted competition, has sometimes created abuses, enforced cooperation may lead to the ruin of both railways.

These are some of the things which bring out the defects of the bill and force us to vote against it. Let the government bring down a truly constructive measure based upon the maintenance of the integral identity of our railway systems as well as their services. although keeping in mind the relations which exists between the development of the country and that of the railways, we shall be but too pleased to support such a measure. However, the bill before the house does not fulfil these conditions, therefore, for my part, I deem it a duty to oppose its second reading.

Mr. J. P. HOWDEN (St. Boniface): I do not really rise to make a speech. At this late stage of the debate the ground has been well covered and there is not much satisfaction or interest in reiterating the remarks of others, but I have had an insistent prompting during the last day or two that the part of the country which I represent will expect me to go on record in connection with this vitally important matter. I have risen therefore to state my position with reference to this bill.

We are told that we have a railway problem in Canada to-day. As a matter of fact we have had a railway problem in this country, with the exception of the short period from 1922 to about 1930, ever since I can remember, and that is quite a long time. It is certain, however, that the railway problem that has presented itself to the Canadian people in the last three or four years has assumed rather serious proportions. The late management of the Canadian National Railways is very largely blamed for the condition of that road to-day. There can be no gainsaying the fact that in the fulness of prosperity and success which this country enjoyed between 1922 and 1930 the management of the Canadian National Railways probably provided for that system with a lavish hand. They found these railways in poor condition, seriously handicapped. The late Sir Henry Thornton was asked to combine the railways into a national road to compete with perhaps the best railway on the American continent, namely, the Canadian Pacific Railway; and if in doing so he found some success and sought to outdo his opponent, who in turn sought not to be outdone, and if in this way the Canadian railways indulged in unnecessary expenditures and extravagance, it is not to be wondered at, and

there should not be a great deal of blame attached thereto.

I am quite prepared to admit that the railway problem in Canada to-day was caused to some extent by the vying of these two railways, in a period of prosperity and advancement, to outdo each other and that the late management of the Canadian National Railways is not entirely blameless. But I would suggest also that to a great extent the railway problem in this country has been caused latterly by a lack of haulage, a lack of business; and so far as that lack of business is concerned the government we have in this country at the present time is not blameless, for to a considerable extent the policies initiated by that government were responsible therefor.

Mr. HACKETT: What about Great Britain and the United States?

Mr. HOWDEN: We are talking about Canada just now.

Mr. CASGRAIN: The Canada first policy was good in 1930 only.

Mr. HOWDEN: It has been the policy of this government during the last number of years to declare for government ownership and control of the national railways. The Liberal government, not only by what was said in the house but by what was said on the hustings made clear its position in connection with the government railways. In appealing to the country during the last federal campaign, the Conservative party went in strong for government ownership and government control. During that campaign the Prime Minister (Mr. Bennett) was quoted as having said at Winnipeg: Amalgamation never, competition ever. In the bill now before us many of us on this side of the house are inclined to believe that the Prime Minister is hedging just a little on that former position which he took. During the course of the debate the other day the Prime Minister said "hear, hear" to a remark of the leader of the opposition (Mr. Mackenzie King) which suggested that probably the government would not view with alarm the private ownership of this railway.

Mr. HACKETT: That is not a fair statement; it was said by somebody at his back, by myself.

Mr. HOWDEN: If that is so, I regret having made the remark and I withdraw it.

The bill before us certainly opens the way for amalgamation, in the view of many of us on this side of the house it looks like a step in that direction. The bill seeks to place the management of the Canadian National Railways in the hands of three trustees who are to take the place of the old board of seventeen directors. I cannot understand why the bill does not name only one trustee because it states quite plainly that the majority of the three trustees shall prevail only if the chairman is voting with the majority. The entire management of the railways is to be placed in the hands of one man and, as has been stated in the house on a number of occasions, this man is to be given the absolute say in the control. No action taken by this board of trustees can be questioned by order in council, by the government or, indeed, by the crown. The chairman of this board will be an all-powerful czar in connection with the Canadian National Railways. Not only is this so, but the board is to be elected and have the power of perpetuating itself in office for all time. It looks to me as though the government was relaxing entirely from the control of the Canadian National Railways; they are putting the control into the hands of this board of trustees which can take any action it likes in connection with the national railway. This board can abandon lines, it can lease lines and, as far as one can see, it can enter into amalgamation with the other road. It is to this portion of the bill that we on this side of the house are diametrically opposed.

I have no desire to make a lengthy speech on this matter but as I represent a riding in which are many railroads, I believe the people expect a statement of some kind from me. I have accordingly risen at this late time to state that I am entirely against this bill at the second reading, the third reading or at any time. I believe it opens the way for amalgamation, a thing which should be avoided and the suggestion of which should be deplored. Therefore, Mr. Speaker, I am entirely against this bill.

On motion of Mr. Mackenzie (Vancouver) the debate was adjourned.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. MACKENZIE KING: I assume we will continue to-morrow with this debate?

Mr. MANION: Yes, and should we get through we will go on with some of the other bills.

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

Thursday, March 16, 1933

The house met at three o'clock.

UNEMPLOYMENT RELIEF

Mr. GORDON: I desire to lay on the table a number of orders in council passed pursuant to the relief legislation.

SUPPLEMENTARY ESTIMATES, 1932-33

A message from His Excellency the Governor General transmitting further supplementary estimates for the financial year ending March 31, 1933, was presented by Hon. E. N. Rhodes (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

QUESTIONS

(Questions anwered orally are indicated by an asterisk.)

CANADIAN DELEGATES—LEAGUE OF NATIONS

Mr. LAVERGNE:

1. What are the names of the members and the persons constituting the Canadian delegations sent annually to the League of Nations for 1932-33?

2. What are the items making up the total annual expenditures in connection with these trips?

Mr. GUTHRIE:

1932-33.—13th Assembly—Hon. C. H. Cahan, $2,261.77; Henry F. Munro, $1,437.10; Madame Chas. Frémont, $1,440.04.

SURVEY OF NATIONAL PORTS

Mr. MACKENZIE (Vancouver Centre):

1. What was the total cost of the Gibb commission investigating national ports?

2. By whom was it paid?

Mr. DURANLEAU:

1. The cost of the Gibb commission was as follows: Fee £12,000 sterling. Expenses $12,639.91.

2. The harbour commissions of Montreal, Vancouver, Quebec, Halifax and Saint John.

SMELT FISHING—RESTIGOUCHE RIVER

Mr. MARCIL:

1. Were any complaints received by the Department of Fisheries regarding smelt fishing on the Quebec side of the Restigouche river?

2. If so, by whom were these complaints made, what were they, and what action was taken, if any?

Mr. DURANLEAU:

1 and 2. A request was made by the Department of Colonization, Game and Fisheries of Quebec, for an extension of the season this year. The same season applied on the other side of the river and throughout Quebec, New Brunswick and Prince Edward Island. In the interest of the industry as a whole no extension of the season was authorized anywhere.

BRAZILIAN BONDS HELD IN CANADA*

Mr. JEAN:

1. What is the amount of bonds issued by the government of the United States of Brazil held in Canada?

2. Is the government of the United States of Brazil meeting its interest and sinking fund payments on said bonds?

3. If not, have any representations been made to the said government for the protection of Canadian holders of these bonds?

Mr. RHODES: The answer to parts 1 and 2 is that the government has no information. The answer to part 3 is no.

QUESTION PASSED AS ORDER FOR RETURN

FLUORSPAR MINES

Mr. PERRAS:

1. How many fluorspar mines are being operated in Canada?

2. What is the location of each such mine and total production for each one in the years 1930, 1931, and 1932?

3. How many tons of fluorspar have been imported into Canada in the years 1930, 1931, and 1932, from (a) any part of the United Kingdom; (b) France; (c) Germany; (d) the United States?

4. What is the rate of duty on fluorspar imported from (a) the United Kingdom; (b) France; (c) Germany; (d) the United States?

5. What is the total value of the importations from the above countries and total duties collected in the case of each country exporting fluorspar to Canada?

Mr. CAHAN: Tabled forthwith.

LIGNITE COAL TARIFF

On the orders of the day:

Hon. E. B. RYCKMAN (Minister of National Revenue): Yesterday the hon. member for Assiniboia (Mr. McKenzie) directed a question to me as to whether or not the tariff on lignite coal entering the United States had been reduced recently. I have

made inquiries, and I am informed that lignite coal entering the United States is free, and has been for some time.

DREDGING—DETROIT RIVER

On the orders of the day:

Mr. ECCLES J. GOTT (South Essex): I should like to direct a question to the government based on complaints which have come to me by letter and telegram with regard to extensive property damage being done in the township of Anderton and near the town of Amherstburg because of the dredging operations being carried on by the George Mills Construction Company. I should like to make a brief explanation.

Some hon. MEMBERS: No.

Mr. SPEAKER: The hon. member must put his question.

Mr. GOTT: I should like to ask the government if they will intercede and request the construction company to use smaller blasts than they are using at the present time in order that more property may not be destroyed.

Hon. H. A. STEWART (Minister of Public Works): I am not sure whether the work to which my hon. friend refers is being carried on by the Department of Public Works. If that is so I will make some inquiries and see what authority or supervision we have over the company.

Mr. GOTT: The work is being carried on in international waters by the United States government.

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

The house resumed from Wednesday, March 15, consideration of the motion of Hon. R. J. Manion for the second reading of Bill No. 37, respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific railway system, and for other purposes.

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, in my judgment this has been a very excellent debate, and I think its duration has been more than warranted by the transcendent importance of the problem to this house and to the Canadian people. At the outset may I extend my congratulations, with certain reservations which will become manifest as I proceed, to those who have participated in this debate thus far. May I be allowed to extend to my hon. friend the Minister of Railways (Mr. Manion) my personal felicitations upon the studied moderation of his presentation of this resolution. I trust and hope that after having been subjected for two weeks to the slings and arrows of the outrageous Grits on this side of the house, my hon. friend will maintain that same degree of studied and constructive moderation when he concludes this debate to-day. If he does that he will have convinced us that he has experienced a remarkable change of heart since the days when he sat on this side of the house.

As I said before, this is to me one of the most important debates which has ever taken place in this house. At the outset of my remarks may I suggest that the Canadian transportation problem is affected by both national and international factors. The national factors lie largely in the policies of the present administration for which they must accept direct and final responsibility. The international factors are of two kinds. First, there are the factors which affected our railway system during the great war, from 1914 to 1918; second, there are the repercussions of these factors upon our Canadian national life and structure.

May I summarize briefly three of these great world factors. I would remind the house of the tremendous cost of the great war to the participating nations. The great war cost Great Britain and her allies $43,000,000,000; it cost the Germanic allies, $15,000,000,000, a total of $58,000,000,000. This amount was expended largely in the destruction of property and human life within the brief period of four and one half years. May I also refer the house to the tremendous expansion which took place in world trade between 1913 and 1928. From the dawn of civilization up until the year 1913, the total export and import trade of the world amounted to $35,000,000,000. Within fifteen short years, all within the lifetime of everyone of us present in this house, the trade of the world increased from $35,000,000,000 to $68,000,000,000. This increase was not due to the expansion of the gold reserves of the world because they increased only from $7,489,000,000 to $10,500,000,000. The trade of the world practically doubled in fifteen short years. Let us consider next the

national debts of the various countries of the world. Next Tuesday, when the Minister of Finance (Mr. Rhodes) presents his budget, we will probably hear something of the public debt of Canada. The war cost this country something like $1,700,000,000. In 1688, the year of the revolution, the British debt was only $3,320,000. In the year of the first jubilee, 1887, this debt had increased to $3,690,000,000. Just before the war it was $3,255,000,000 but by 1920 it had increased to $39,390,000,000. There had been an increase in the British debt of $36,000,000,000 in six short years. In the United States there was a similar increase from $900,000,000 to $16,000,000,000 during the same six years. There was also a corresponding increase in Germany and France. In 1870, at the time of confederation, the debt of Canada was only $78,000,000. Before the war it was $336,000,000 but last year it had reached a total of $2,504,000,000. This is our national debt apart from other obligations which must affect us. I mention these things at the outset of my remarks to show the house the tremendous obligations which confront us at the present time.

Our railroad problem has been affected by these international factors; it has been affected by world considerations and yet we are attempting to solve this great problem with a mere administration bill which is now before the house. There is nothing within the four corners of this bill of a constructive nature to meet the quintessence and fundamental needs of this transportation problem. One of the most essential recommendations made by this commission is in connection with our canal structure, but what do they say? They say that water-borne competition does not affect in any way the transportation problem of this country. I should like to direct the attention of the house, of the government and of the Minister of Finance, if he were here, to some of the figures showing the investment in our canal system. Up to March 31, 1932, the total investment in our canals amounted to $245,000,000. For operation and maintenance there had been expended up until last year a total of $81,000,000, or a grand total of $326,000,000. In 1931-32 the operations and repairs amounted to over $3,021,000, while interest at five per cent amounted to $16,300,000, or a total in round figures of $20,000,000. The revenue for 1931-32 amounted to $976,845, so that in one year there was lost to the Canadian treasury a total of $19,000,000.

I suggest to the Minister of Railways that the time has come when we should impose tolls for the use of our canal system. This would be in the interests of the Canadian people and the Canadian treasury. What happens in connection with this water-borne traffic? We have Norwegian tramps, Danish tramps and German tramps coming over here during the summer months to enter into competition with our own steamers and our own transportation systems. These boats do not pay one cent into the Canadian treasury, while the Canadian steamship companies pay income taxes as well as direct taxes to the Department of Marine. I suggest that this government should immediately meet this problem of water-borne competition. I am immediately suspicious of the recommendations of the Duff commission when it says that the development of our waterways will not be prejudicial, deleterious or injurious to our railway systems. I believe there is in that recommendation an implied approbation of the policy of this administration in signing the St. Lawrence waterways agreement with the great republic to the south. That paragraph apparently is inserted in the Duff commission report as a justification for the signing of an agreement which is unfair to Canada.

Your Honour knows as well as I do the conditions which now prevail in western Canada. Ships going through the American Panama canal are subject to an average toll of one dollar per ton. An average sized ship pays a toll of $8,000 going backward and forward through the canal. We have an expensive canal system representing an investment of $326,000,000 and there is nothing in any of the treaties now in effect with the United States to preclude us establishing a toll against American ships similar to one to be charged against our own. There is not a single word in the Duff report to show how this situation could be met.

There is nothing in this bill. A board of trustees and an arbitral tribunal is the concrete result of an expenditure of $62,000, by the Canadian people. There is only the prospective establishment of two Tory triumvirates. I am quite certain the Minister of Railways will agree with me. He has read the report of the Drayton-Acworth commission of 1917 very carefully and he knows its provisions. He has also read the Duff report very carefully. I can find in this poor and pallid Bill No. 37 which we have in front of us now, but three things, part of them the recommendations of the Duff commission, part of them the recommendations of the Drayton-Acworth commission of 1917, and the most insidious features of them the recom-

mendations of neither one commission nor the other, evidently written in by the fine Machiavellian hand of some member of the present administration.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE (Vancouver): Before I conclude I think I shall be able to satisfy my hon. friends that what I say is true. Before I come to a detailed consideration of this bill, I should like very briefly to refer to railway development in the Dominion of Canada. One of the speakers said the other day that the history of railway legislation in this country was not a happy story. I should respectfully like to disagree with that statement. To my mind railway development in this dominion is the story of Canada herself since the year 1853; it is the story of the great struggles of statesmen on both sides of political life, the story of the enterprise of great financial men throughout this country and, above all, the story of the vision, energy and genius of great engineers who were able to overcome the tremendous difficulties of the Rocky mountains, and under handicaps almost insuperable, to bring these lines of steel to our Pacific coast. So I do not think it is right for the Prime Minister or anyone else in the house to condemn any former leader of a party for the vision that inspired that gigantic program after 1903.

May I say this in regard to the Prime Minister's observations: It ill behooves him, in the time of this nation's financial and economic peril, to be constantly indulging in those Cassandra-like wails in which he indulged in this chamber the other day. He attacked members of the opposition, accusing us of being the people who were trying to undermine the integrity of our country. What about his own Toronto speech delivered just before the house convened, when he made that tragic and tremendous blunder in regard to our maturing obligations in the United States? And when that had to be recalled and corrected in the press within two or three hours after it was delivered, what about the fact that exchange went down four per cent the day after the right hon. gentleman made that address in Toronto? What about his interview with the labour men a few days after when he told them that we were on the brink of the abyss, on the verge of disaster? It is no wonder that Canadian exchange suffered. I take issue with him in this hour of our country's need and peril, if such it is. What we need is not pessimism, and yet we had in his speech nothing but a gospel of despair proclaimed by the man who should lead this house and country to greater courage, faith, optimism and belief in this Canada of ours.

Let us take the story of our railway development and I shall deal with it only incidentally. The wonderful story started between 1850 and 1860 when the Grand Trunk group went over to London in 1853 to project the development of 1,200 miles of railway. In 1850 we had only sixty-six miles of railway and in that decade we increased the mileage by 2,000. Take the period of the Canadian Pacific development between 1880 and 1890 and it is a story of achievement and endeavour of which the Canadian people may legitimately be proud for all time to come. Take the story of the Transcontinental development, these same costs that are affecting Canada at the present time. It was the great war that compelled the Canadian Northern and the Grand Trunk Pacific to come clamouring to the treasury for help. Who gave them the help, the grant, to extend the Canadian Northern from the Yellowhead pass to Vancouver? It was the Conservative administration of that day. Who gave them the guarantees of $45,000,000 in 1914? It was the Conservative administration of that day, and yet the Prime Minister had the effrontery, during the course of this debate, to tell the house that his party was not responsible for the present situation. If you study the history of railway obligations; if you consider the financial obligations incurred before 1922, to what do they amount? Since confederation there was expended on the Canadian National system as a whole the sum of $2,487,000,000 from the federal treasury and $2,045,000,000 were expended before the Liberal government came into power in 1922. Still these hon. gentlemen tell us: Our party did not cause the trouble. These were not the words which the present Prime Minister used in the debate of 1914 when he said that both parties were equally to blame. I would advise the Minister of Railways to read that remarkable address delivered in 1914 by his present leader. In it will be found strange words: "receivership," others with reference to "equity of redemption." We have there ideas that caused the address the other day by the Prime Minister.

An hon. MEMBER: The precedent.

Mr. MACKENZIE (Vancouver): Yes, that is the precedent, and of course there are some unusual things in it too. He referred to his former colleague, who is his present leader in another chamber, as "an impertinent young

man." That gentleman was roundly condemned by the present Prime Minister, and yet to-day we find these two confederates piloting this bill—

Some hon. MEMBERS: Oh, oh!

Mr. MACKENZIE (Vancouver): —through first the Senate and then the House of Commons. This Bill No. 37 means what? It means the destruction and annihilation of public ownership and control of railways in the Dominion of Canada.

Mr. COTNAM: How about the Vancouver Sun?

Mr. MACKENZIE (Vancouver): How about my hon. friend using some intelligence and keeping quiet?

Mr. COTNAM: The hon. gentleman does not use any when he is speaking.

Mr. MACKENZIE (Vancouver): If my hon. friend wishes to discuss the Vancouver hotel I shall give him an opportunity later.

Mr. COTNAM: I was speaking about the Vancouver Sun?

Mr. MACKENZIE (Vancouver): There was moved to this resolution an amendment which was disposed of on a point of order. That amendment contained two essential and fundamental principles. The first dealt with the larger principle of amalgamation and the second with the fundamental principle of the control of parliament. The Prime Minister, in speaking to that amendment, announced that the government would insert in this legislation, before it was finally disposed of, a provision that there should not be any amalgamation between the two railways. In my opinion that provision will be absolutely useless, for this reason; the government are absolutely destroying public control and ownership; they are setting up a self-perpetuating board of trustees with a supreme Caesar in charge of the triumvirate appointed by this administration. When the government goes to the people in six months or a year from now, faces the acid test of public opinion, and is rejected and cast out, and this party comes into power—

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE (Vancouver): —what will be the situation then? We shall have an appointee of the present government, a self-perpetuating trustee, and the government of the day will not have the slightest say in regard to regulation or management of that official, the chairman of the board, or any of the trustees. My hon. friends might very well take a leaf from the recommendations of the Drayton-Acworth commission, because they said that the five trustees mentioned in their report should be appointed in the first instance by parliament. Will the Minister of Railways consent to having the House of Commons insert in this bill, before it goes through this house, the names of the three trustees? That is the recommendation of the Drayton-Acworth commission appointed by his friends in 1917. That would retain at least a semblance of popular control. Why not leave this iniquitous legislation alone? Why not cut down the present directorate from seven to five, and appoint to the board a representative from the west, one from the east, one representing labour, and if possible one representing the Minister of Railways, so that there will be a link and liaison between the board and the government of the day, so that we can have at least a semblance of popular and democratic control in this dominion? But as it is, here is this board of three trustees, and what control have we got over them? The Prime Minister says that they must submit their budget to parliament. Is that control? Of course it is not. Section 12 is specific and inexorable. It says that the budget is submitted to the board of trustees, and except as regards income deficits and certain advances in regard to meeting maturing obligations and with regard to capital expenditure this house has no authority, not the slightest tittle or semblance of authority, over the financial expenditures of this great triumvirate which we are going to establish to manage the railway system of Canada. Just imagine the situation if a Liberal government were returned to power in this dominion next year, believing as we do in our platform, in maintaining the integrity of the Canadian National Railways, and yet finding ourselves without the slightest power to control or dismiss these trustees! Will the Minister of Railways do this? Will he have the power given to this House of Commons to have the trustees dismissed upon a resolution of this assembly alone? We are the elected representatives of the people of Canada: the other house is not. The other house is altered in complexion by whatever party happens to be in power at the time. If the Minister of Railways wishes to maintain and preserve a semblance of democratic control in this dominion, will he eliminate that provision of the bill, that the trustees can be dismissed only upon a joint address of both houses of parliament? I know that the Drayton-Acworth report recommended that the board should be

appointed like judges, which is probably where the Prime Minister got the idea. But will he admit that he believes in the public ownership and public control of railways? If he does, he should be willing to meet us half way, and in the first place have the first trustees to be appointed named in the bill by this House of Commons; and secondly, he should have their dismissal, subject to the will of those who represent the people in this House of Commons.

On the twenty-seventh of February my right hon. leader placed on record the viewpoint of those of us to your left, Mr. Speaker, in regard to the Canadian National Railways. The Liberal party believes in and stands for the maintenance of the integrity of the Canadian National Railways as a publicly owned and publicly controlled service. But have we got a publicly controlled service in this bill? No, every vestige of control is gone. Every single tittle of democratic control has absolutely vanished—banished by this administration.

Mr. NICHOLSON: No.

Mr. MACKENZIE (Vancouver): Who says no?

Mr. NICHOLSON: I say no.

Mr. MACKENZIE (Vancouver): There is not a section in this bill which leaves the slightest vestige of control to this House of Commons.

Mr. NICHOLSON: Certainly there is. Read the bill.

Mr. MACKENZIE (Vancouver): Not one.

Mr. COTNAM: What control was there over the old board?

Mr. MACKENZIE (Vancouver): We had a committee of parliament in the old days which considered the budget of the national railways. Immediately after the budget of the national railways was presented to this house by the Minister of Railways, it was referred to a committee composed of all parties of this house, and in my experience that committee every year presented a unanimous report to this House of Commons. And could you have a finer exemplification of democratic control than a unanimous report of a committee of parliament representing every single party in the House of Commons of Canada? Will you have that under this bill? Not a single shadow of it. The power is entirely gone from this House of Commons and is placed in the hands of this board of trustees, who are appointed not by this House of Commons, but by the government of the day, and who can be dismissed, not by this House of Commons, who can in fact be dismissed by nobody except upon a joint address of this House of Commons with possibly an accommodating majority in the other house. That is the situation, Mr. Speaker.

Mr. COTNAM: That is parliament.

Mr. MACKENZIE (Vancouver): I am very glad to have my hon. friend's interpretation of parliament. I suggest to my hon. friends that public ownership means ownership and control by the people, and that means ownership and control by those who represent the people in this House of Commons. The members of the other house, and I speak of them with all respect, do not represent the people, because they are not elected representatives but are appointed by the party that happens to be in power at the time. But you can go back to your constituency and I to mine as representatives responsible to the people, the final tribunal of Canadian public opinion. The other house has no such responsibility.

Mr. COTNAM: Why didn't you reform the Senate?

Mr. MACKENZIE (Vancouver): You are reforming it now, only in a different way from what I would.

Mr. POULIOT: Better reform North Renfrew.

Mr. MACKENZIE (Vancouver): I wish to emphasize my submission that under this bill every vestige of democratic and popular control of our national railways is gone. You can put in a section providing against amalgamation, but what does that amount to? Nothing, because you have one private company, and another company controlled by three trustees responsible to whom? Responsible, not to this parliament, not to this house; and they cannot be dismissed by the minister. I think the Minister of Railways himself, for the sake of maintaining the dignity of the office of Minister of Railways, should resent this power being taken away from him.

I wish the Prime Minister were here. He used to quote in this house from a favourite book of his. This is the scripture according to Bennett. Hon. gentlemen who were here in this house before the last election will remember the Prime Minister quoting from The New Despotism, by Lord Hewart of Bury who, at page 158, says:

Where is the arch-defender of bureaucracy who would have the courage to say in the House of Commons: "I am placing these

proposals for legislation before the house, but candour compels me to tell the house that the only terms upon which matters so intricate can be disposed of are that my department should be placed above parliament and beyond the jurisdiction of the courts."?

Again:

It is right that the public should be made thoroughly well aware of the price which they are invited, or compelled, to pay. If they were really aware of it, they might well think that the price was too high, and that they would prefer to forego the particular commodities which are so expensively to be obtained.

Those words, Mr. Speaker, used to be quoted in this house by the present Prime Minister when he was in the ranks of the opposition, and his objection did not go so much against the establishment of bureaucracy such as you have it under this bill, as against vesting too much authority in the executive of government. But this is a hundred times worse than vested authority in the governor in council. We protested against the powers taken by the governor in council in regard to peace, order and good government, and anyone who voted against giving to the governor in council those tremendous powers in regard to peace, order and good government and who now votes to give these powers to this board of trustees, is voting for something that is tenfold more disastrous because this board of trustees has no responsibility whatever to the people. Furthermore, the Minister of Railways is reduced to the shadow of a shade if this clause goes through. He will have no responsibility, nothing whatever to do with the Canadian National Railways.

We came down to this house, Mr. Speaker, in 1930, summoned by this government of conferences and commissions, this government of Fabian tactics, this C.C.F. government on the other side of the house, to deal with unemployment, and overnight we found the tariff raised, and we were told to hurry home because the great man, the superman, was going to cross the seas to take part in the Imperial conference of 1930.

Again, in 1932, in this house we endeavoured to deal with the problem of unemployment and the other great national problems of this dominion, and what were we told? Hush, hush, we were told by the Minister of Labour (Mr. Gordon). Hurry back to your homes, he said, and be ye good; do not stir up strife, but bless this government for the wonderful work it has done in regard to unemployment. And why were we told to hurry home on that occasion? Because July was going to see the Imperial conference of 1932 in Ottawa. Well, we had that conference, and its great results have been presented to this house. What happened at that conference? We found that the fundamental rights of parliament were violated in the legislation that followed because we lost control over our fiscal policy and over questions of tariff taxation in this dominion for a period of five years.

Then, again, this session we have looming over us the shadow of the international economic conference, and when we come to discuss the budget and other things we shall be told that we cannot discuss budgetary or tariff matters or the Bank Act or monetary questions because an international economic conference is going to be called and the Prime Minister is going to attend.

What about commissions? Commissions—non-political commissions, to deal with radio! What have we got? Oh, a splendid Tory triumvirate all over again, just the same as we will have in this bill. And we had a tariff commission, another Tory triumvirate adorned by an ornament from my hon. friends of the C.C.F., the left wing. What are we going to have here? Fabian tactics, Tory tactics, C.C.F. government—that is what we have. A conference government, commission government, Fabian tactics government—that is what we have.

Mr. Speaker, I feel it my duty to explain to my constituents why I am opposed to this legislation. If every one of my colleagues would support this legislation I could not support part I of it, nor part II nor part III. Why? The Prime Minister told us, in that address containing more inconsistencies than any address which has been delivered in this House of Commons—he told us that part II meant cooperation by agreement, and that part III meant cooperation by direction. I say part II of this bill means cooperation by direction, and part III means cooperation by compulsion. So far as I am concerned, I am opposed to part II and part III. So far as part I is concerned, I say it is taking away privileges from the Canadian people; it is destroying public ownership and public control of your railway system in the Dominion of Canada. For those reasons I am opposed to this legislation. I believe it destroys the fundamental rights and the constitutional authority of Canada. It destroys the essential privileges of the House of Commons which we find outlined so well in the first fifteen or twenty pages of Durrell's great work on parliamentary grants. A great struggle was waged in Britain in 1910; two great elections were held in the one year on the question of the final responsibility of the House of Commons and the ordinary control of the House of Commons over national expenditures. This

House of Commons is asked to throw away its rights, to take a leap in the dark, to throw away its own voluntary and free will, to throw away the rights of our forefathers who fought for hundreds of years for the constitutional development of our country.

I suggest to the house that this legislation should not pass. Amend your railway act; give extended power to the railway commissioners. If you are going to force this legislation down our throats make it that it shall become operative by proclamation of the governor general in council, because I believe this legislation will be regretted by the present administration. If I should happen to be in any subsequent parliament—

An hon. MEMBER: You won't.

Mr. MACKENZIE (Vancouver): I will take my chances with any of you over there. I took my chances once before with one of your best.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE (Vancouver): If I should happen to be in the next parliament I will use all the strength I can towards the repeal of this legislation, and towards the restoration to the Canadian people of full and undoubted control over the Canadian National railway system, because I believe this bill is an abnegation of the fundamental constitutional rights of parliament and, inferentially, of the Canadian people. As Locke said long ago: Parliament is the people. This parliament seemingly is not the people. This government and its supporters are floundering in a Serbonian bog. By this measure we would be establishing a bureaucracy, a Tory triumvirate who would function in glorious Tory togas for the next seven years. You took one from the C.C.F.; you will take them from other sources. I resent and repudiate the policy of this administration in pursuing such tactics as these.

What did the Prime Minister say? He said: This national railway is not the property of the Canadian people. I am going to fight my next election on that declaration by the Prime Minister of Canada. This railway, said he, belongs to the bondholders and the security holders. I ask hon. gentlemen opposite: Do they endorse such a statement by the Prime Minister? Do they endorse it?

Mr. McINTOSH: No answer.

Mr. MACKENZIE (Vancouver): No, they are not exactly sure where they are. They are floundering in the dark, every single supporter; they don't know where they are. And if the whips were called off I am sure that my smiling friend across the way, and other friends who sit across there, would gladly vote against the second reading of the bill.

In conclusion may I say this: Remember the splendid showing made by the national railways between 1923 and 1930. To-day continents are paying tribute to that record. And here I wish to pay tribute to that great Canadian who a few days ago passed from our ken and who, in the future days of Canada, will be looked upon as one of the greatest public servants this dominion ever had. May I say this: Let us not lightly or wantonly destroy the property of the Canadian people. Let us not forsake all to support a party to make possible the second reading of this bill, a bill which violates the cherished principles I have mentioned. Remember the words of Kipling about freedom that was won for us by the men of long ago,—"

> All we have of freedom,
> All we use or know,
> This our fathers bought for us
> Long and long ago.

Mr. WILLIAM IRVINE (Wetaskiwin): Mr. Speaker, with some of the remarks of the previous speaker in regard to the railway bill, I am in agreement. But with some of the asides he made I am not so much in harmony. For instance, he made reference to the C.C.F. It is not very long ago since he was proclaiming in the western provinces that the Cooperative Commonwealth Federation were preaching the gospel that the Liberal party had preached for so long. Now the hon. member charges the government with being C.C.F. I do not know whether he is intending to insult the government or the C.C.F.

Previous speakers in this debate have laid great stress and emphasis upon the importance of railway service in Canada. In that regard I need not repeat what they have said. Nearly all speakers have offered felicitations to the minister for the high ground he took in presenting the bill, and particularly for his eschewing anything in the nature of a party debate. I am sorry that I have to oppose a measure so presented. I agree with the broad generalizations of the previous speaker in respect to economic conditions throughout the world which certainly indicate, as I understood him, that the railway problem cannot be solved by itself, that it is merely part of a great economic problem with which Canada and the world is faced, and that the railway problem would more or less automatically solve itself, were the major economic problems of the country solved.

I oppose the bill not because of some of its details, with which I also disagree, but because of the principles involved. I am not influenced by any undue enthusiasm for national ownership, for as a matter of fact we have not got a national railway in Canada. Everyone should know, if they do not, that the people of Canada through their government became responsible for the bonds, worthless in some instances, of defunct concerns—

Miss MACPHAIL: Privately owned.

Mr. IRVINE: —that it guaranteed those bonds and the interest on them, and the Canadian people have since that time run the railway in the interest of those who own the bonds. That is not national ownership. So I have little enthusiasm for the railway system thus begotten and controlled. I oppose the bill chiefly because it ignores the difficulty for which it purports to be a remedy. What are the conditions? I shall not waste the time of the house by going into the figures as presented by the Duff report, upon which this legislation is largely based; I confine myself rather to what those figures indicate. In the main, the figures show that the fixed charges on the Canadian National are greater than the earning power of the system can support. And the traffic is becoming less, naturally, through the present depression. Higher freight rates cannot be charged to make up the deficits, therefore not only the Canadian National so-called, but the Canadian Pacific as well, are both coming to the point where they cannot take care of their fixed charges. These fixed charges jeopardize both railway systems. The fixed charges of course are charges on bonds, and arise out of a faulty financial system. Bonds represent money invested, and money is supposed to represent wealth. Wealth is perishable, but bonds are eternal. Besides being granted eternal life these bonds have been fructified through being made interest-bearing and become prolific in their creation of debt. If bonds were no more eternal than any form of wealth which money might represent there would be no such debts as we have to-day. But on this phase of the matter I shall not dwell.

In order to meet the shortage in earning power of the railways to take care of fixed charges the bill proposes retrenchment. The retrenchments proposed are at the expense of the railway workers, the wage earners on the system. They are also at the expense of the railway services which should be given to the people of Canada, in view of all the expenditures and guarantees which the people of Canada have made and given on both systems. Why should there be retrenchment of railway services at the present time? Certainly not because of lack of equipment, for we are assured by the minister, on the authority of the present head of the national system, that the equipment was never in better order. So it is not due to lack of railway lines or cars or engines or men that we have to curtail services. But we propose to curtail railway services in order that we may protect the interests of the bondholders. There can be no question about that. I am opposed to this bill because its purpose is retrenchment in the interest of bondholders in a vain attempt to meet the situation I have described. That attempt ultimately will be absolutely vain.

Let me come then to the real point as I regard the duty and responsibility of an individual member of this house. Members of this parliament really represent the directors of the Canadian National Railways, since, as I have described, a certain government of this country made the Canadian people responsible for paying the interest on bonds and paying the principal. In connection with this situation therefore, this parliament is in the position of directors of the company representing the investment of the Canadian people. As such I ask, will the people of Canada be able more adequately to meet the payment of the bonds that they have guaranteed and the interest on those bonds, as well as the expenses of the national railway, by passing this bill? As far as I have been able to understand from the bill itself, or from the speakers on the government side, or others who have supported the measure, I cannot see how the position of the Canadian people can be improved in the slightest degree by the passing of this bill. Therefore, unless such assurance can be given me as a representative of the people in this enterprise, I feel it my duty to oppose the bill. I contend that this bill will jeopardize the investments for which the people have become responsible. The people of Canada cannot carry both systems while the fixed charges remain as they are. Up to this time the two railway systems have been running in competition. According to the statement of the minister and many others, as far as this bill is concerned, this competition is not to be interfered with. But the inevitable logic of competition is that one or other of the systems will not survive. Faced with the fact that competition is not to be interfered with, according to the minister, and recognizing that the logic of competition means that either the Canadian National or the Canadian Pacific will ultimately go down, there are only

two courses which this government could take. The first course is competition to the death, giving no quarter to the Canadian Pacific, writing off the dead stock of the Canadian National, economizing in every legitimate way, getting the best possible management, meeting the Canadian Pacific at every turn with irresistible competition. The other course is the nationalization of the Canadian Pacific along with the other. There is no middle course. Of course we cannot nationalize the Canadian Pacific on the same basis as we did the Canadian National, for to-day that would bankrupt the nation. But the bill does not propose that we nationalize the Canadian Pacific, it proposes rather something which would require Professor Einstein and the use of his fourth dimension to explain, for it is to be competition with cooperation, and outside of the fourth dimension I am unable to explain what that would mean. In spite of the fact that the management was highly praised by the minister for having saved the nation a great deal of money last year this management is to be changed, and the interests of the Canadian Pacific Railway are to be given at least equal attention.

Perhaps it may be regarded by some as being part of the duty of this government and of parliament to give equal attention to concerns other than national concerns, but since the bonds guaranteed by the Canadian people would be jeopardized if the Canadian National were to be run inefficiently or to yield in competition to the other line I maintain that our first duty is to the Canadian National, in order that these bonds may not be endangered by any hesitation on the part of the administration to face the competition of the opposing system. Since competition is to be adhered to, according to the decision of the government, I submit that the national system must fight the Canadian Pacific to the death. Every ton of goods hauled over the Canadian Pacific which might be hauled by the Canadian National will jeopardize that enterprise and endanger the investment that has been guaranteed by the Canadian people. I say this bill brings about fraternity with the enemy, and since the government under the proposed measure loses control of management of the national system it may be even worse than that. Hon. members may argue that if the government should put the resources of the state behind the Canadian National and enter into keen, cutthroat competition with the Canadian Pacific it would mean the ultimate bankruptcy of the Canadian Pacific, but bad though that might be I say it would be better than the bankruptcy of the nation, and in my opinion this course will bankrupt the nation.

Let us look for a moment at this proposed compulsory arbitration. I conceive that this would be resorted to most frequently when one line or the other made extravagant claims in one particular; this body then would decide just how the matter should be settled. Let us suppose that this board should make what might be regarded as a fair decision under the circumstances; no one would quarrel with that. But let us suppose this arrangement had not been made and that through competition the Canadian National gained the advantage otherwise yielded by a decision of the board. Then to the extent that such an advantage might be nullified by the actions of the arbitral tribunal the Canadian people would suffer and their bonds would be jeopardized. If on the other hand, however, as a result of competition the Canadian Pacific would have obtained an advantage but for the decision of the board, then there will come a time when this railway problem no longer can be put off as it is put off by this bill and when the effect on the financial structure of the company inevitably will be felt. Then the Canadian Pacific Railway will have at least a moral, and for all I know a legal, claim upon this government for having interfered with open competition and having thus brought the railway to the point where it cannot longer carry on. That will be the argument, and in that case we will find the people of Canada left holding the bag in both instances, burdened with the responsibility of meeting the bonds of both railway systems.

In my opinion, Mr. Speaker, the objective of this parliament should be one national railway system, and that system may be evolved in one of two ways. The first method of bringing about one national system of railways would be by having the Canadian National successfully compete with the Canadian Pacific until that road became bankrupt, when it might be taken over at bankrupt prices. So far as I know there is only one other way of accomplishing that purpose; that is to face the facts as they are and conscript or expropriate the Canadian Pacific as it now stands. There is no other course open except the yielding of the Canadian National to the Canadian Pacific, thus losing to the Canadian people the investment they have guaranteed by the assets of the nation. Of course I appreciate the fact that this house would not think of conscripting the Canadian Pacific; the house only thinks of conscripting men in

time of war. It is all right to conscript men, give them $1.10 a day and kill them; there is nothing wrong about that. But when this nation is faced with a tremendous problem which neither the government nor the opposition can solve, if one should propose that in order to meet this problem we should create one national system by conscripting the Canadian Pacific, and pay $1.10 a day to those holding Canadian Pacific bonds while they lived, that would be considered a great tragedy; it would be breaking faith with the bondholders. It is much simpler for us to break faith with humanity; that really does not matter, but the bondholders must be saved without regard to expense.

In view of the fact, therefore, that this bill rather evades the situation which it purports to meet; in view of the fact that it proposes to put competition on a cooperative basis, which is impossible and which in the last analysis probably will mean that the government will stop competing but that the Canadian Pacific will continue; in view also of the fact that if this bill is carried into practical effect it will mean jeopardizing the investment guaranteed to the bondholders of the Canadian National by the people of Canada, as a representative of those people I have no choice but to vote against the bill.

Mr. C. E. FERLAND (Joliette): Mr. Speaker, I realize that the house desires to hear the remarks with which the Minister of Railways and Canals (Mr. Manion) will close this debate, but I should like to place on record my personal views with regard to this very important question. Since I am more familiar with the French language I should like to speak in French, but for doing so I do not offer any apology. I want everyone to know that I am simply exercising a right which for many years in the past was denied but which now is acknowledged by both parties in this house.

(Translation): Mr. Speaker, the bill under discussion is the most important one which has come before parliament since I have had the honour of representing the constituency of Joliette, in the house. This railway problem is probably the most serious one we have had to solve and is of the utmost interest to my constituents. Canada must settle the question of our railways. To my mind, this measure is important because it concerns the whole of Canada and more particularly the town of Joliette where we have a terminal station. The hon. Minister of Railway and Canals (Mr. Manion), in a splendid speech, when introducing this bill, expressed his personal views as well as those of the government of which he is a member.

I heartily agree with him on one point, namely, when he acknowledges the efficiency, ability, experience and competence of the higher officials of the Canadian National in managing this colossal enterprise. I entirely agree with him, and I am glad, indeed, to associate myself with him in congratulating the higher officials not only of the Canadian National Railway but also those of the Canadian Pacific Railway.

However, there is one phase to which I wish to take special exception. In these days of economy, I think that the higher officials of our railway companies are too highly paid in contrast with the salaries received by the Prime Minister and other members of the government. I was glad to hear, not long ago, that both senators and members, would again be given the opportunity to subscribe $400 to the public treasury, by a cut made in our parliamentary indemnity. It is a duty for members to accept with the best grace and satisfaction this cut of $400, because this sacrifice asked from senators and members is of a nature to encourage the poor, if not in a pecuniary manner, at least morally. It behooves members as well as all public administration, to set an example in such matters of economy and self-sacrifice that is incumbent on everybody, in order to relieve the crisis and help the poor who are more numerous than ever.

The higher railway officials, as I have just stated, are too highly paid. First, their own private interests are not at stake. They manage a public enterprise, their positions are permanent and assured, as secure as those of our hon. senators; therefore, in my opinion, their salaries should not be as large. However, I do not insist on that point as I shall refer again to it.

At present, there is a railway question, in Joliette, which needs to be settled, I have already drawn the attention of the house to it, in my first speech in this Chamber. When I had the honour of seconding the address in reply to the speech from the throne, I requested the government of that date as well as the railway management to recognize the rights of the town of Joliette, in connection with the car repair shops. The following day, I read in a newspaper, opposed to our views, that for a member who moves or seconds the address it was certainly overstepping the mark to rebuke the government.

I have confidence in the fairness, rectitude, experience and competency of the present president of the Canadian National Railways. Mr. Hungerford rendered me a service at one time. About two years ago, I headed a delegation of the municipal councillors of Joliette

who were to interview Sir Henry Thornton, in Montreal; we submitted our case, namely, what we considered our rights in connection with the Joliette terminal station. As Sir Henry Thornton generally made no decision without consulting his high officials, he called in his engineers, some experts and Mr. Hungerford. After perusing part of the memorandum which I had prepared in English so that it might be understood by all, Mr. Hungerford, in the presence of Sir Henry Thornton, stated that by virtue of the well known contract between the city of Joliette and the Canadian National Railways, we were requesting a terminal station and shops for the repair of cars in Joliette. He added the following which is important: A terminus comprises a superintendent and his staff. We are entitled to a terminal station in Joliette, according to the contract to which I have just referred; however, at present, we have neither superintendent nor any staff. All business transactions are carried on in Montreal; our repair shops have been abandoned and the Canadian National railway has completely disregarded a valid contract which still exists, and all cars are repaired in Montreal.

About 1900, the mayor of Joliette was the Hon. Justice Mathias Tellier, who, to-day, presides over the Quebec Court of Appeals, one of the most learned judges of our province; I take great pride in this fact since, beside being a relative, he resides in my town. Mr. Tellier himself prepared and had the contract to which I refer, accepted; it was endorsed by the Quebec Legislative Assembly and may be found in the Quebec Statutes of 1900, 63 Victoria, chapter 59. There is no need to enter into details about this contract since it is embodied in a statute. I already told Sir Henry Thornton that he could not read, when we disagreed on the interpretation of this contract.

As Sir Henry Thornton has passed away, I do not intend to quarrel with him in his grave; quite the contrary, I pray God to forgive him the errors of his ways inasmuch as the city of Joliette is concerned, but especially because he was responsible for a loss amounting to about $100,000 per year, to that city.

By virtue of the contract upon which my request is based, the Great Northern Company obtained subsidies and exemptions of taxes which amounted to a considerable sum; it undertook to establish and maintain permanently, in Joliette, car repair shops; to establish and maintain a terminus or a divisional point where it was to repair the cars of the division comprised between Joliette and Quebec, in the province of Quebec, and between Hawkesbury and Joliette, in the province of Ontario.

[Mr. Ferland.]

The shops which the company had built were destroyed by fire in 1925 and were never rebuilt by the Canadian National Railways which practically stopped all work in Joliette. I have here a list of cars which, during the years 1931 and 1932, were sent from Longue Pointe to Joliette, thence from Joliette to Montreal, for repairs. According to the terms of our contract, these cars should have been repaired in Joliette. Instead of adhering to the terms of this contract, these cars are sent a distance of 70 miles to Montreal, to be repaired. Thus the ratepayers' money was wasted by sending these cars to Montreal or vicinity, when they should have been repaired in Joliette.

I have no need of stating, sir, that I am not satisfied with the mangement of the National Railways, inasmuch as it affects Joliette. Perhaps, it may be said, to-morrow: The member for Joliette is not satisfied with the policy of the higher officials of the National Railways, and in retaliation he requests that their salaries be reduced. No, sir, I am more serious and honourable than that, if I request that their salaries be reduced, it is because I deem it only fair and equitable. I do not think it right for any citizen of Canada, whether he is president of a large insurance company or member of a board of directors of a railway, to draw from their own treasury a salary of $40,000 or $50,000 per year.

At present, when we have hundreds of thousands of unemployed, who are in distress and receive but three or four dollars per week to feed and keep up a home with a family of five, ten or twelve children, I state, no one in this country is entitled to draw from the treasury of large insurance companies or railways an annual salary of thirty, forty or fifty thousand dollars.

It is absurd and inexcusable for the representatives of the people to tolerate such abuses.

I am opposed to this bill for various reasons. I do not intend to repeat all the arguments set forth by my liberal colleagues, however, briefly, I may state that the bill is a great menace to the security and welfare of the workers or railway employees; it is the most threatening bill that has ever come before Parliament or Legislature of any province. It is inconceivable that,—owing to the problem being so important and requiring to be studied by experts, technical and experienced men—this bill does not provide at least, for the appointment of a representative of the labour classes on the board of management.

Railwaymen constitute a body of worthy citizens who are entitled to our gratitude for their services. The employees of the Canadian Pacific Railway or Canadian National Railway, are highly thought of, they are the fathers of fine families in the various provinces; they have travelled, are well read and received their education in our schools. In 1923, 210,000 were employed, since that date, 90,000 were thanked for their services and have joined the ranks of the great army of unemployed. This bill having closed every avenue to the railwaymen, there will be fifty or seventy-five thousand less, within two or three years.

Shall the answer be: we must do something. A liberal senator stated, the other day, at a caucus: "The people of Canada expect that something will be done; it is shameful to allow deficits to accumulate and thus waste the people's money. It is said that our two railway systems show a deficit of $1,000,000 per week—

Mr. GOBEIL (Translation): Do not betray caucus secrets.

Mr. FERLAND (Translation): —we must come down to brass tacks, practice thrift, the people expect the government to act.

The government must act. Has it done anything to relieve unemployment? May I point out that the bill under consideration will permit us to carry out the following economy: Where two stations exist, one will be done away with; duplication of lines will no more exist; thousands and thousands of railway men will be dismissed and within three or four years, about half of the railway employees will feel the sting of this measure.

In the name of economy all kinds of hardships will have to be borne by the labouring classes. If such is the aim which the government has in view, I deem it my duty as representative of the farmers, workmen and railway employees to protest and vote against this measure.

I received, quite a while ago, the memorandum of railway organizations, entitled: "Memorandum of Comments and Recommendations."

Submitted on behalf of the standard organizations of railway employees covering the report of the Royal Commission on Railways and Transportation in Canada, 1932.

This memorandum is dated November 24, 1932. I wish to state that I entirely endorse without restrictions, this memorandum which is full of wisdom and couched in moderate terms, in a spirit of conciliation. It contains splendid suggestions to solve our problem and I am pleased to side with the workmen and endorse this report.

May I take a few minutes of the time of the house to enumerate the names of the organizations which signed, approved and endorsed this report. The list follows.

Brotherhood of Locomotive Engineers.
Brotherhood of Locomotive Firemen and Enginemen.
Order of Railway Conductors.
Brotherhood of Railway Trainmen.
Order of Railway Telegraphers.
Brotherhood of Maintenance-of-Way Employees.
Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees.
International Association of Machinists.
Brotherhood Railway Carmen of America.
International Brotherhood of Boilermakers, Iron Shipbuilders and Helpers of America.
International Brotherhood of Blacksmiths, Drop Forgers and Helpers.
International Brotherhood of Electrical Workers.
United Association of Plumbers and Steamfitters.
International Association of Sheet Metal Workers.
International Brotherhood of Firemen, Oilers and Shop Labourers.
International Moulders Union of North America.
Commercial Telegraphers Union of North America.
Division No. 4, Federated Railway Trades.
Trades and Labour Congress of Canada.

Mr. BARRETTE (Translation): Have you any knowledge whether this report was forwarded to the Prime Minister (Mr. Bennett) and to the Minister of Railways (Mr. Manion)?

Mr. POULIOT (Translation): If the Prime Minister were in the House, he could inform us.

Mr. JEAN (Translation): It was addressed to all members.

Mr. FERLAND (Translation): I do not think that the question of the hon. member for Berthier-Maskinongé (Mr. Barrette) is a serious one, because he must be aware, as we are all, that this memorandum was addressed to all members, and that the Prime Minister, as a member, has as high a standing as the hon. member for Berthier-Maskinongé, who is a personal friend of mine.

Mr. POULIOT (Translation): If the Prime Minister is not in the House, it is because he is endeavouring to master that report.

Mr. FERLAND (Translation): In expressing my congratulations to the railway men, in connection with their memorandum, I do so

with some reserve. It is of some import to my compatriots, and I wish to make myself clear, even at the risk of making enemies. If to keep my mandate, I cannot express my views, I invite my constituents to withdraw this mandate at the next election. If we are to champion the rights of our fellow-citizens each time justice is denied them, I think that due regard should be shown for the candid opinions of those who wish to follow my example in this respect. Here is a report of which thousands of copies have been printed, a report dealing with the most important question as regards the future of Canada, the welfare of employees, workmen and all citizens generally. I am addressing the House in French, although I have an English copy of the memorandum in my hands. This report is interesting; I could quote extracts, but it has not been translated in French. Does any one think that I am going to waste my time in translating a report covering twenty or twenty-five pages, when I have, as a member, so many other duties to attend, obliged as I am to pass three days a week among my constituents and four days here attending to my duties, as a member; morever having to waste twelve hours on each trip from Ottawa to Joliette? Do you think it reasonable on the part of railway employees. who although they have our sympathy and know that we support their claims, to show such little consideration for the French language as to not address us a document of such importance in French? Do you think it reasonable on the part of these gentlemen to expect that members will become translators, waste four or five hours to translate a document of such importance? I am aware that ill-intentioned people will contend that the member for Joliette is unable to translate this English report into French and that some member with a better knowledge of languages could have read this English text in French. That may be so. I do not contend that I can read an English text and at the same time give a perfect version of it in French. It would be boasting that I have a thorough knowledge of English and the genius of Shakespeare. Let my National railway friends and those who form part of labour organization accept my remarks in the best spirit. They are not addressed to the railway men but to a narrow minded group of English speaking people who always wish to curtail our rights of speaking French; this is very wrong. It is wrong for railway men, the Government or any political party to ignore the French language. In this matter, I think that my friends from those parts of Canada where French is spoken will agree with me and admit that it is time to wake up, if we do not wish to see, twenty-five years hence, every thing anglicized in this Parliament, as in the Senate, and discover, one day, that we have no more bilingual civil servants and practically no French Canadians employed by large companies, governments and public services.

Before resuming my seat, Sir, I wish to read to the House an important document which I received from the employees of the two railways in Joliette, the C. N. Ry and C. P. Ry., dated February 23, 1933, and bearing the signatures of every employee, and, couched in the following terms:

Joliette, Feb. 23, 1933.

Mr. Charles Edouard Ferland, M.P.,
for Joliette.

Dear Sir,—

Whereas the railway companies have decided to reduce, for the second time, the wages of their employees, we the undersigned, all in the employ of said railways, in your district, beg of you to espouse our cause and this to the best of your ability, for the reasons undermentioned:

Whereas last year we had to undergo a reduction of ten per cent in our wages.

Whereas the railway companies realized, during the year 1932, substantial savings and were able to show a reasonable balance sheet, considering the depression prevailing in all spheres of activity, which is a direct proof of the sacrifices, already too numerous, imposed on their employees.

Whereas said employees retained in the service of our two large railways have to their credit a length of service of at least ten years, all heads of family and receiving wages already too little remunerative and equitable.

Whereas if the proposed cut is carried out the salaries of the undersigned would be of a minimum of $900 and maximum of $1,800.

Whereas, if other economies are necessary, it is important that those who receive higher salaries be first affected, this to conform with the decision taken in connection with the civil service.

As our representative we beg of you to nobly champion our cause and to rest assured that we shall greatly appreciate this cooperation.

This document carries weight and comes at a time when economies are practised at the expense of railwaymen who are unfairly treated. Because the government and a number of companies, here and there, throughout the country, enforce a ten per cent cut in salaries, the railwaymen are reduced 20 per cent. I would request the hon. Minister of Railways to use his good influence to prevent railway companies perpetrating this injustice.

Before closing my remarks, sir, I wish to state that I am opposed to the present policy of the government for reasons known to all;

however, I wish to add that I disapprove also of the abuses perpetrated in the past by capitalists in this country. I strongly protest against such abuses. I do not request a change in the fundamental principles of our constitution and administration, but I request the government to be more vigilant and guarded against the large corporations which, in the past, have, in many instances, robbed the people. Keeping this in mind, no new measure will even be necessary, since the companies act embodies a clause which provides for such acts and stipulates that the government may hold an inquiry over the operations of any company doing business in this country.

I therefore close my remarks by requesting my railway friends to forget my reproaches with reference to the French language, and I wish to openly state: Above all, I am a French Canadian, honi soit qui mal y pense.

Mr. C-N. DORION (Quebec Montmorency) (Translation): Mr. Speaker, I do not intend to follow the hon. member for Joliette (Mr. Ferland), in the narrow path he has pursued.

Mr. MERCIER (St. Henri) (Translation): A slippery one.

Mr. DORION (Translation): This bill is a national affair, and should be studied in that light. When we examine the present railway situation in Canada, we quickly conclude that radical remedies must be applied, without further delay. It is futile, for the moment, to seek the origin of such a situation and place the responsibility of it on such and such a political party. This question has been before the public for the last twenty-five years. Already, in 1925, a special committee of the Senate was selected to hold an inquiry and report on the means to be taken to relieve the country of the heavy expenditures in which our railways had dragged us. A number of plans were proposed and these form the nucleus of the Duff Commission's report.

We are bound to acknowledge the fact that, of all the difficulties prevailing in the various spheres of our national activities, the transport industry of railways is certainly the one which affects us the most. The situation of this industry is most alarming. No more than in the various fields of activity were our railways spared, however, what makes the settlement of the problem more difficult, is that it embraces our entire national life.

Personally, I do not think that the remedy proposed by the present bill can entirely restore the finances of our railways, although it will perhaps, improve the conditions now prevailing. Even after this measure is enacted, we must discontinue the operation methods used heretofore.

No doubt we will be called upon, before long, to again legislate in order to rescue what can be saved by merger, in connection with the management and operation of the railways, namely the colossal sums invested in the railways by the Canadian government and shareholders of the Canadian Pacific Railway.

Let us be frank, is this not the beginning of a liquidation? Is it not our duty to endeavour to make this liquidation the least burdensome possible for the Canadian people? If we do not stem the tide of this crisis, it is the entire structure of our financial system which will be shaken.

In a message to the United States Congress, President Hoover pointed out the immense danger threatening the United States railways, and I think the same may be said of our Canadian railways.

> The railway problem, he stated, is, among all, the most pressing one. The prosperity of our railways is closely linked to that of all the country's industries. The financial stability of the railways is of the utmost importance to the United States, and all improvement in the economic situation is subordinate to its maintenance.

This weighty statement, I repeat, might also have been made to the Canadian people. Our railways had and still have to contend with numerous defects: too numerous lines; double or triple services without any profit possibility; exaggerated and ruinous competition with one another for over forty years; lack of a sound policy generally in the railway management; numerous duplication of lines, etc. But what has caused more trouble in the railway transport industry are the senseless expenditures as, for instance, the building of large hotels, many of which cannot meet their cost of operation; also the continual and unrestricted borrowing, either on long or short terms, without providing for a sinking fund to meet these liabilities. I shall not quote what the amounts of the liabilities of our two railways are, they are on record. Without the continuous and repeated help given by the state to the Canadian National Railways they would have been bankrupt long ago.

Again, I state that I am doubtful of the complete efficiency of the remedy proposed by the bill under discussion. With the fixed charges which burden the national railways, the enormous capital which must be refunded, and the mortgages they are burdened with, their operation becomes almost impossible.

Very little can be saved; however, if, to protect what can be saved, a merger is necessary, the sooner it comes the better it will be. If traffic continues to decrease, the business depression persists, road transport competition by motor vehicles continues to increase, I cannot see any other solution.

It is true that in resorting to this solution, there would be a conflict of interests and strong economic and social controversies would rise; however, we must be fearless, a surgical operation, although painful, is necessary and we must not flinch in carrying it out.

I think that in their conclusions the members of the Duff commission did not go as far as some of them would have wished. Moreover, they express themselves as follows:

> Some members would have preferred a plan which would have established a complete dissociation of the government of Canada from the responsibilities of competitive railway management or of any direct interest therein.

Must we not conclude that, had there not existed, during the inquiry, a general sentiment against merging, their recommendation would have been to merger? Fortunately, for some time past, our railways, under the influence of a pressing necessity, have greatly reduced their expenditure. Their staff has been decreased, salaries cut down, the amounts set aside for the maintenance of the rolling stock and roadway were also reduced. However, there is a limit which we cannot overstep if we wish to have an efficient service; notwithstanding this retrenchment, there seems to be no other possible issue, unless we confess that our state railways are bankrupt, come to terms as insolvent debtors and act accordingly.

This deplorable situation does not exist only in Canada, but also in the United States, England, France, Germany, and all countries where railways are meeting with serious difficulties.

No doubt, the economic crisis is one of the causes of this situation. The competition of motor vehicle transport is still a greater cause. One can foresee that the difficulties arising from the crisis are only temporary; however, one cannot look upon the competition created by motor vehicles in the same light. Unfortunately, too busy carrying on a disastrous competition with one another, our two railway systems forgot—or did not notice—that another kind of conveyance had appeared and, are we to judge by its rapid progress, this competition will further increase, unless we entirely revise the statute on transportation. Up to a few years ago, the railways had the monopoly of transports; on the one hand the governments protected this monopoly while on the other hand they destroyed it by constructing at a great expense a system of new roads to facilitate motor vehicle transport. It is a waste of time to keep on blaming the railways for not having adapted themselves to the new conditions created by road transport. It behooves us to seek a remedy to an existing situation.

Two urgent solutions are required: regulate the various kinds of transports; reorganize by merging the railways under state control for management and transport purposes. It is understood that we cannot interfere or decrease certain services because they are public necessities. It appears difficult to carry out further economies, if we wish efficient service, at the same time keeping in mind public requirements.

The members of the Duff commission realized how road competition greatly affected our railways. No doubt exists that motor vehicles take away from railways the lighter and best paying kind of traffic. The traffic which is left to the railways is not a profitable one, it is the burdensome kind. Railway traffic is based on the following principle: merchandise having a high value pay for those that have less value. Therefore they sustain considerable losses. It behooves us to establish as soon as possible a trade equilibrium in connection with transports by putting into force rates which would be in the interest of both motor vehicles and railways; to put the two financially on equal bases and rationing traffic to the various modes of transport. Thus the motor vehicle could do the service of branch lines while the railways would look after the traffic of the main lines. At certain points the motor vehicle roads would reach the main lines, thence the traffic would be by railway. With that end in view, the entire cooperation of the provinces with the Dominion government would evidently be necessary. Since it is a question which affects the whole nation, I do not see why this cooperation would be refused. The necessary authority to bring about this cooperation, this coordination, would have to be left to an absolutely independent board. There would then be one schedule of prices, one service, one contractor and one responsible organization.

Would that not be the means of giving an efficient service to the public, with its modern requirements, which demands that goods be left where they are required.

So far as the reorganization of the railway systems—I repeat what I stated a moment

ago—the merger of the railways is necessary for management and transport purposes. The following are the recommendations of the Senate committee in its report, at page 412 of the journals of the Senate in 1925:

> The merging of the two railways for purposes of operation and administration as above will remove or dispense with duplication in railway tracks and rolling stock in passenger and freight services, in railway stations from the Atlantic to the Pacific in telegraph, express and other service, in offices in accounting, in book keeping, in numerous other special offices and staffs, in administration boards, etc., etc., and thereby and otherwise save an enormous amount of money to the country.

The two railways systems must better regulate their operations, utilize in common a number of services and adapt themselves to modern conditions of transportation. There must be total or partial merger of certain services. The arbitral tribunal provides, in the bill under discussion, enforced cooperation if necessity arises. However, I think it would have been better to make the authority of this tribunal more effective by making it larger.

As to the financial question of these two railway systems, I do not think myself sufficiently qualified to express my views on the subject. May I, however, request that this intense competition be stopped, it is one of the causes of the present plights of our railways. So far as the Canadian National Railways are involved, I think that an estimate of their assets should be made not from their present balance sheets, but on a real and equitable base, that of their probable future returns. It is perhaps still possible for the state railways to practise more economy where it would not affect the efficiency of the service or the maintenance of equipment; a still further cut in the salaries of the higher officials is necessary. For both railways, the burden of municipal, provincial and federal taxes should not be heavier for them than for other industries.

There is no doubt, sir, that this bill will help to improve the management of our railways although I repeat that I do not think that the measure will entirely solve the problem. It is a relief for the time being; however, it is necessary, under the circumstances, to adopt this measure which is based on a report the conclusions of which are inspired both by common sense and the public welfare.

Mr. J. A. VERVILLE (Lotbinière) (Translation): Mr. Speaker, I closely followed the speech which the hon. member for Quebec Montmorency (Mr. Dorion), has just read to the house. From his viewpoint, his speech is a vindication of the bill under consideration, it is also, to a great extent, a censure of the measure. So far as we can judge by the provisions of the bill, we must readily recognize that it lays down a principle that we must either accept or reject. Must the government exercise a control over our railways? This question is clearly stated in the bill.

Mr. MERCIER (St. Henri) (Translation): Hear! hear!

Mr. VERVILLE (Translation): My reply to this question is that I cannot answer for the Liberal party; however, as a member of the opposition, I state that the government should not divest itself of the responsibility which it assumed when it took over the administration of the railways of this country.

Mr. MERCIER (St. Henri) (Translation): That is the point!

Mr. VERVILLE (Translation): If, at the time, the government were justified in assuming the responsibility for the administration of our railways, it behooves them, to-day, to carry on this administration, and, I wonder why the government tell us: Let us set aside this responsibility, because the Senate requests us to do so and wishes us to act in such and such a way. Who is responsible to the people? The House or the Senate?

Mr. MERCIER (St. Henri) (Translation): The people.

An hon. MEMBER (Translation): Louder.

Mr. VERVILLE (Translation): I put the question, whether I do so in a loud voice or not, the question is put and let hon. members answer it.

Mr. MERCIER (St. Henri) (Translation): The people.

Mr. VERVILLE (Translation): I am in favour of the bill inasmuch as no merger of railways is contemplated or the national railways, do not become the property of the Canadian Pacific Railway.

Mr. MERCIER (St. Henri) (Translation): That is to the point!

Mr. VERVILLE (Translation): I should like to use an expression which is commonly used—however politeness and the rules of the house do not allow us to disclose all our thoughts. I shall simply state: The bill such as it is, is very indefinite as to what may become of our railways. The government

will appoint three commissioners—designate them as you please—however, let us proceed rationally; there is no intelligent member who does not foresee what will happen. The government will appoint some one to represent the Canadian National Railways, there is no doubt that it will he a person connected with the Canadian Pacific Railway. The latter will naturally recommend also, that one of its men be appointed, both will then choose a third person who will again be a Canadian Pacific Railway man. We shall then have three Canadian Pacific Railway men to manage the Canadian National Railways. The bill states that there will be no merger; however, the bill embodies all the necessary provisions to safeguard the Canadian Pacific Railway bondholders—there are a great number of them on the government side and they will appoint their own men to carry out the merger of the Canadian National Railway, with the Canadian Pacific Railway; not officially, as this merger practically took place two years ago.

Mr. MERCIER (Translation): Quite to the point!

Mr. VERVILLE (Translation): To better illustrate what I have in mind, may I state that, if one has travelled the least between Quebec and Montreal—the railway distance is not a long one, 170 miles—

An hon. MEMBER (Translation): It is a tedious trip.

Mr. VERVILLE (Translation): —one knows that the Canadian National Railways gave us a very efficient train service between Quebec and Montreal. It has now been discontinued. This train afforded people, who were travelling to Montreal, an opportunity of arriving early to pass a quiet evening.

Some hon. MEMBERS (Translation): Co-operation! co-operation!

Mr. ST-PERE (Translation): What train does the hon. member take?

Mr. VERVILLE (Translation): I always took the train on which I could get service, that is the one which was taken off. Now, each time I have to travel to Quebec, I take the Canadian Pacific Railway because I get better service, for which the officials of the Canadian National Railway became responsible when they discontinued this train service to the benefit of the Canadian Pacific Railway.

Mr. MERCIER (Translation): Shame! shame!

[Mr. Verville.]

Mr. VERVILLE (Translation): I should like to ask the government a question; however, I know the government will refuse to answer it: When the Grand Trunk was purchased by the government so as to permit the bondholders to save whatever money they had invested in this enterprise, is it not a fact that the higher officials of the Grand Trunk were transferred to the management of the Canadian National Railways? After putting, first, the Grand Trunk into bankruptcy, to-day these same officials are responsible for putting the Canadian National Railways into bankruptcy! And to thank them for this service, positions are created for them! They are told: we shall merge your company with the Canadian Pacific Railway; however, you must keep it quiet; the bill stipulates: no merger, fair competition.

Mr. CASGRAIN (Translation): There is more than one way of killing a cat!

Mr. VERVILLE (Translation): One complains that the government railways are costly, that they do not meet their liabilities, that the country must disburse millions and millions of dollars yearly to meet their deficits. I wonder how it happens that this was only discovered since our friends opposite have assumed power. Have hon. members opposite noticed that a crisis existed throughout the country? Have they noticed that there was a business depression? They stated when they were endeavouring to get in power, that there was nothing abnormal. Do they notice anything now? They were wrong, they expected that the crisis would only last a year; it is lasting too long for them and, to-day, instead of admitting that they were wrong, they confess their incompetence.

Mr. ST-PERE (Translation): It will destroy them.

An hon. MEMBER (Translation): Hear, hear.

Mr. VERVILLE (Translation): They have made quite a find to replace the word merger; fair competition. Is there anything which would lead us to believe that our hon. friends are in favour of fair competition? Let them state it openly! We belong to the people, we live among the people, we are not capitalists. We might make suggestions which would improve the lot of our railways, however, they state that they could not accept them because their leaders, the front benchers, would not wish to invest their millions in any enterprises we might suggest.

Mr. LAFLECHE (Translation): Not the millions of the hon. Minister of Marine?

Mr. VERVILLE (Translation): Instead of concealing the facts, let them state, in the house, that they are ready to act; let them ask us for suggestions and show that they are ready to accept them and co-operate with us. They request co-operation, let them give us proof that they are in earnest. That is necessary—

Mr. DORION (Translation): Honey would be needed.

Mr. VERVILLE (Translation): I did not catch what my hon. friend said. Would he kindly speak louder.

An hon. MEMBER (Translation): The hon. member said that honey would be needed.

Mr. MERCIER (Translation): That is not slippery enough.

Mr. VERVILLE (Translation): That is unnecessary, there is much more on this side than there is on the opposite side, that is why the ground is more slippery on one side.

Mr. DORION (Translation): It can also be found in bee-hives.

Mr. VERVILLE (Translation): I am amazed, after all the speeches I have heard in the house, to note that no one discussed a deficiency in the service of the railways and which is a cause of a large decrease in their yearly returns. No one referred to it. Is it to protect certain interests, certain people? I wonder. I requested, last autumn, that the freight rates on cord-wood be reduced. I stated then that it was astonishing to note that it cost more to ship a car-load of cord-wood from the county of Lotbinière to Montreal, than the wood itself cost. At present a car of cord-wood, including the loading, costs $28, while the freight rate, from Lotbinière to Montreal, is $43. I requested a lower rate, and I wish to thank the hon. Minister of Railways for the correspondence exchanged between myself, the railways and his department in this respect. Unfortunately, the final answer came, that it was impossible to lower the freight rates.

Mr. CASGRAIN (Translation): However, many promises were made.

Mr. VERVILLE (Translation): A car of cord-wood costs $28 loaded, and it costs $43 to ship it to Montreal, a distance of 170 miles. Mr. Hungerford, who is acting as president of the Canadian National railways, occupying the same post as the late Sir Henry Thornton, assured me that it was impossible to lower the freight rates.

I wish to draw the attention of the house to another point? The price, at present for a return ticket from Laurier to Montreal, is $8.40. Excursions are organized, at times, and the price of a return ticket is $2.50. When these excursions are held, forty to fifty people take advantage of it. This has been going on for six months, even last week there was such an excursion. When the price is $2.50 people travel to Montreal. They have not the means to pay $8.40. One complains of motor vehicle competition. What happens? A person that owns a motor car invites others to travel to Montreal as paying guests, as they travel four or five in a car the expenses are small and much cheaper than by train. However, people do not care to travel as far as Montreal by motor car, they prefer the safety and comfort of trains. Only, the cost is too high. Let the railways bring down the passenger rates. They have had some experience by their excursions, there is again one this week, from Toronto to Montreal for $2. Why is this done? Because it is profitable to the railways. Reports from ticket agents show that people travel when railway fares are reasonable. Then why not lower the passenger rates and ask a reasonable price?

The same may be said for freight rates. Railways complain of a lack of freight traffic. The public cannot afford paying the rates charged so they look elsewhere to have their goods transported. I shall cite a case: A small manufacturing concern had to ship 2,500,000 feet of lumber from Laurier station to Victoriaville, they inquired from the railways what their lowest rates would be, the directors found the rates too high, so they had these 2,500,000 feet of lumber transported by motor trucks and saved $1.50 per thousand feet. The name of the concern is the Olivier Mercier Company, of Laurier, it saved $1.50 per thousand feet by shipping its lumber by motor truck instead of by railway. That is the kind of service the public gets from those officials receiving $30,000 per year.

It was shown at the inquiry held two years ago, that there were more than 300 employees, both in the Canadian National Railway and Canadian Pacific Railway, receiving each $30,000 per year. I contend, sir, that not one of these officials should receive $30,000 at the present, when salaries are being reduced all over the country. Let the railways first reduce the salaries of their higher officials before depriving the small wage earners of their livelihood. Railway stations, which do not give big returns and where employees earn only $100 per month, are being closed. The order to close them comes from those officials who receive $30,000 per year.

Mr. LAFLECHE (Translation): Who appointed them?

Mr. VERVILLE (Translation): Who appointed them? The railway management—and hon. members opposite are as guilty as we are.

Mr. LAFLECHE (Translation): Who appointed Sir Henry Thornton?

Mr. VERVILLE (Translation): Let him rest in peace. I do not think that as much praise will be bestowed upon you, when you have passed away, as there has been upon Sir Henry Thornton.

Let the salaries of high officials be reduced before asking for our cooperation.

Mr. GOBEIL (Translation): Why did you not reduce them?

Mr. VERVILLE (Translation): Put out the officials who are useless and are like leeches.

An hon. MEMBER (Translation): We would have to put out the opposition.

Mr. VERVILLE (Translation): Do away with private cars. I could point out many abuses. At a certain divisional point, I know that some superintendents are unable to move fifty feet to attend to their private affairs without having a private car. Suppress such abuses. Begin by practising economy where it should be practised, among those who can afford it, they do not earn their money. That is what I request and I state so openly, because I know all this to be true.

Mr. MERCIER (St. Henri) (Translation): That is being very frank.

Mr. VERVILLE (Translation): The bill stipulates that there is to be no merger. May I inquire from the government how will the three trustees, who will manage the affairs of the Canadian National Railway be appointed, and who they will be? I shall go a step further and inquire whether they will give the names of those assigned to office. If we had the guarantee that our railways, while under government control, would be managed by people outside of political influence, who have not supplied funds to the Conservative party, who expect no favours and are appointed to carry out their duties and draw their salary, I might perhaps change my views; however, I know for certain that under the administration of hon. gentlemen opposite, three Tories will be appointed and that is why I protest.

Some hon. MEMBERS (Translation): Oh, oh.

[Mr. Verville.]

Mr. VERVILLE (Translation): No doubt exists that the house will be asked one day or another to approve of their salaries; again, under the guise of economy—when $5,000 or $6,000 is sufficient for any man to earn—the salaries will be fixed at $15,000 or $20,000.

An hon. MEMBER (Translation): With a pension?

Mr. VERVILLE (Translation): With a pension, that is understood. Such people display a great affection for their friends and wish to prove it while they are alive and ten years after they are in their grave, they still display this affection by paying a pension.

Mr. DORION (Translation): That reminds you of the time you were a Conservative.

Mr. CASGRAIN (Translation): He was never a Conservative.

Mr. MERCIER (St. Henri) (Translation): He never made such a mistake in his life.

Mr. CASGRAIN (Translation): Or he mended his ways as he grew older.

Mr. SPEAKER (Text): I would ask hon. members not to interrupt.

Mr. VERVILLE (Translation): Mr. Speaker, I had no intention of speaking for forty minutes. I have submitted my views to the house. There is one remedy, I do not know whether there is anyone opposite open-minded enough to refer to it; however, I shall suggest it myself: instead of recommending all kinds of quack remedies which are simply fool-traps, let them recommend a radical one; reduce the high salaries of officials in large companies, do away with big offices which are unnecessary. In Quebec, for instance, there is a railway superintendent, while in Levis there is another. Because a river separates these two cities, there is no need of two railway superintendents. Do away with one. I do not suggest to throw on the street the Quebec employees; let those who are required be transferred to Levis, but cut down the large salaries. Too much consideration seems to be shown for those who receive high salaries.

Mr. DUPRE (Translation): Did you suppress them previous to 1930?

Mr. VERVILLE (Translation): Suppress them, do away with a superintendent and place the employees in one office. They will perform their duties more efficiently than at present. It will, perhaps, then be possible to suppress three or four salaries of $30,000. Do away with the private cars of superintendents. Nothing prevents them travelling

in passenger cars like we do. There is an excellent Pullman with almost every train, let them travel in it. They travel free. Each time that the superintendent at Levis comes to my constituency, it costs the country $600 or $700—this happens three times a week.

Mr. BARRETTE (Translation): Why did you not make such a suggestion when your party was in power?

Mr. VERVILLE (Translation): I am suggesting it now that this bill is before the house. It is because the Liberal party's policy was to never shift on private individuals the responsibility which was incumbent to them. To-day, it is proposed to shift this responsibility. Let us, as members, bear this responsibility.

It is not because railways are passing through a crisis that we should shift this responsibility. Everybody has made losses within these last years. If there is an institution which can afford losses, it is our national railways, since they have the people to back them while we have no one. It is a public service; let us bear our responsibility as in the past. Let us practise thrift and cooperate, as the bill states, but let the government show that they are in earnest by cooperating when they request us to do so. We point out the way, and, for my part, I have already made a suggestion.

Let the railway companies avoid duplicating their lines. Is there anything more ridiculous to see trains leaving Montreal for Ottawa, one at 3.30 p.m., another at 3.45 p.m., again one leaving at 6 p.m. and another at 6.15 p.m., and, in the morning, one at 8.25, and another at 8.30.

The railway officials have a hard time keeping up their time schedule to avoid collisions before the trains leave the station. I think some improvement could be carried out in this connection.

Mr. CASGRAIN (Translation): Trains have already collided.

Mr. VERVILLE (Translation): Let both the Canadian National railway and Canadian Pacific railway cooperate in spacing the time between their express trains so that we may not be held up eighteen hours in Ottawa. This will avoid sending out three or four trains practically at the same time. The same thing happens between Montreal and Quebec.

An hon. MEMBER (Translation): It is the same everywhere.

Mr. VERVILLE (Translation): Let us practise economy in big things and let us not close the doors of small country stations, which were built for the service they render to the public.

An hon. MEMBER (Translation): Hear! Hear!

Mr. VERVILLE (Translation): The moment you close a station, motor coaches and trucks appear which cater to the people and divert traffic to the highways, to the detriment of the railways. This is happening at present, and, I shall prove it: there was an excursion from Quebec to Montreal, the price of the return ticket was $2.50; the local agent—I can give his name if the house wishes—called on me to inform me that some officials of the railway company had given an order for the train not to stop at Laurier station—this station serves five parishes. It was doubtful whether the train would stop or not. After numerous telephone messages, telegrams and protests, the train did stop, however, I was obliged to guarantee, personally, the sale of 25 tickets.

Mr. MERCIER (Translation): How generous they are!

Mr. VERVILLE (Translation): What happened? The train arrived with 32 passengers and took 37 on at Laurier station. We did this to help the Canadian National railways and our own citizens. Ever since, when there is an excursion the train stops. It is evident that a train which does not stop at a station cannot pick up passengers; yet the high officials of the railways, those who receive large salaries, do not seem to realize these facts. I have in all earnestness drawn the attention of the house to this matter, these are facts, although it may not please everybody.

I shall vote against the measure, because no explanation is given as to how the railway deficits are to be eliminated and, because the bill embodies a fool-trap clause which permits the government to safeguard the interests of their friends by helping the Canadian Pacific railway to the detriment of the Canadian National railways, inasmuch as the three trustees to be appointed will be Canadian Pacific railwaymen; finally, because it is submitted to the house by the government and its leader (Mr. Bennett) in whom I have no faith.

Mr. C. G. POWER (Quebec South): Mr. Speaker, my only reason for rising at this late stage of the debate is that the course of action which I propose to take on this bill will in all probability require some explanation and perhaps some apology, if not to the House of Commons, at least to my constituents.

Reading the report of the Duff commission I was particularly struck with the chapter dealing with the contributory causes of the railway problem. I do not propose in the time at my disposal to go into these causes, but I suggest that a study of them will help us to understand better what is proposed to be accomplished by this bill.

The first cause mentioned at page 53 of the Duff commission's report is, "the over-development of railways beyond the immediate needs of the country." May I point out, sir, that there is no great danger of any further over-development of railways at the present time or for some considerable time to come. The financial condition of the country, the financial condition of the Canadian National Railways and the financial condition of the Canadian Pacific Railway, would seem to indicate that at least for many years to come there will be no more of that over-development. On the other hand, the recommendation of the commission, which is translated into the bill, calling for cooperation in order to do away with any excess mileage at present existing, does I believe have some application, and for that reason I think the bill should receive at least some measure of support.

The second cause mentioned is the aggressive and uncontrolled competition between two nation-wide railway enterprises. That also is dealt with in the legislation which we have before us in the attempt by compulsory arbitration to do away with aggressive and uncontrolled competition. To that extent also I believe the bill is worthy of some support.

The third cause mentioned by the Duff commission reads:

> The reactions of the world trade repression which began in 1929 and has progressively increased in its severity with each succeeding year.

That cause is not dealt with in the bill at all; it is not even being considered by the government. It seems to me to be highly improper for the government to endeavour to bring about a solution of the railway problem without touching one of the fundamental causes which have brought about this problem. That feature has been dealt with by a number of speakers on this side of the house, and I do not wish to traverse the arguments which they have put forward, but may I submit that before we can accomplish anything in the way of rehabilitation of our railways we must first settle our trade difficulties, bring more trade to the country and more traffic to the railways.

There is another contributory cause mentioned by the Duff commission, namely, competition from other forms of transport, notably road transport. I notice that the commission took three or four pages in which to discuss the competition by road transport with rail transportation. In order to deal with this question I have but to refer to the observations made by the hon. member for North Bruce (Mr. Malcolm), who I think showed conclusively that on balance, if you take the advantages derived from the invention and operation of automobiles since their inception, you would find that the railways of Canada have profited far more from the automobile industry than possibly from any other industry, what with the building of roads necessitated by motor traffic, what with the traffic originating on account of the factories building motor vehicles, together with the traffic derived from the establishment of motor vehicle factories themselves. I remember that in 1928 or 1927 some member of the railway committee asked the late Sir Henry Thornton whether the railways had suffered from motor traffic, and the answer which he gave at that time in most emphatic language was that taking it by and large the railways had derived more profit from the shipment of automobiles and automobile materials than they had lost through the competition of automobiles engaged in road transport. And here I make the same observation, as did the hon. member for Vancouver Centre (Mr. Mackenzie) that, strangely enough, the commissioners were somewhat loath to deal with water transportation. It seems to me that that was an extraordinary omission from a document such as the one they placed before the public of Canada. We were on the verge of entering into a contract with the United States of America—if we had not already done so—whereby we would throw open to water transport hundreds of miles of waterways. It is not necessary to quote figures to show that if the arguments put forward by those who favour the St. Lawrence waterway development are of any value whatsoever, the construction and operation of these waterways must inevitably take away from our railroads hundreds of millions of dollars worth of traffic. To the extent that the commission did not make a study of that question, and did not place figures or estimates before the people of Canada, to that extent I think they were lacking in the duty they were appointed to perform.

Then, there is another contributory cause, namely the inelasticity of freight rates and railway practice generally. This is not dealt with anywhere in the bill. Hon. members on both sides of the house have spoken about freight rates and have explained that either excessive freight rates or certain rates put into

force have interfered with the normal development of the trade and commerce in the regions they represent. To my mind in the reconstitution of our railways it is of vital importance that something be done about freight rates. They have been mentioned, but purely casually, in the report. No indication or guidance is given to the people of Canada or to the House of Commons as to whether or not it was the belief of the commission that, by a decrease in freight rates on at least certain commodities, the trade of Canada might be further developed. I note that the Minister of Trade and Commerce (Mr. Stevens) is in his seat. I believe he will agree with me that at the present time it is absolutely unfair to maintain the same freight rate on lumber, for instance, when the cost of that commodity has decreased about one-third. The same is true all along the line. If we are not to be met with competition from road traffic we will have to decrease our freight rates.

Then, the sixth cause is:

Contractual arrangements with labour organizations which set up a rigid wage scale and inflexible labour practices generally.

I note that the commission was mighty careful to say nothing about that. They did not consider it within the ambit of their duty to make any recommendations along those lines. As I understand it, unfortunately this bill may bring about that which a great many people would like to have in Canada, namely a reduction of the wages of labour by the indirect method of setting up a board of trustees and an arbitral tribunal from which there will be no appeal, and which will not be affected by public sentiment.

Then, we come to No. 7 which, in my view, is the most important. We shall read to the end of the first subsection:

7. The special disabilities of the Canadian National Railways due to:—
(a) Assumption, through government action, of liabilities of insolvent railway systems for reasons of national credit.

I submit there is nothing in the legislation before us which can prevent that very thing from happening namely, assumption through government action, of liabilities to sustain the national credit of Canada. May I give an example? There is a railway in British Columbia known as the Pacific Great Eastern, the bonds of which are guaranteed or in some way secured by the people of that province. Should it so happen that traffic should fall off to an extent where the railway could no longer pay its bonds, I submit that as sure as we are in this House of Commons, at some time, sooner or later, the people of Canada in order to save the national credit, would be called upon to take over that road. There is nothing in the bill now before us to prevent it being taken over and placed under the control of the trustees.

Then, the large capital expenditures mentioned in subsection (b) of the special disabilities of the Canadian National Railways may perhaps to a certain extent be considered. But, in any case, there will continue to be these large capital expenditures, if we have to take over railroads, lame ducks, outside of the present system.

Then, subsection (c):

Political and community pressure on the management arising out of direct government control.

May I suggest nothing has gone out to the public so far which has given them a worse impression of the operation of the Canadian National Railways than has this very paragraph. They are under the impression that individual members of parliament, ministers, and people interested in politics throughout the country, simply through their political influence, have been able at any time to enter the offices of the various railway executives and impose large expenditures on the railways.

Mr. McINTOSH: They are judging others by themselves.

Mr. POWER: Paragraph 146 at page 51 of the report is as follows:

Of direct political interference by ministers and members of parliament in the detail operations of the railway, we were assured by the officials there was little or none. It was in the larger sphere of policy that political considerations led to unwise and unnecessary capital expenditures, the result of which was to create an atmosphere in which the ordinary principles of commercial operation of the railway were lost sight of.

There is nothing whatsoever in the bill to remedy that situation. If, for instance, the hon. member for Témiscouata (Mr. Pouliot) were to find that the Temiscouata Railway, now being operated, I believe, by the Quebec Central Railway, a subsidiary of the Canadian Pacific Railway, were to be closed up, and if he were to come to this house with the same energy, the same ability and the same perseverance as he showed in connection with the railroad station in his constituency, he could force any government to take this road over, and there is nothing in the bill to prevent the government from doing so. If the House of Commons of Canada voted to take over any railway, it would be taken over. So, in so far as this bill purports to get away

from the serious part of political interference, it fails. Having said that may I deal with the sections of the bill.

With the principle of section II which provides for cooperation, I am in accord. I do believe, however, that there should be some restrictions placed upon the powers of cooperation vested in the trustees. I believe it would be very dangerous, for instance, to leave in the hands of trustees the right and power to lease the Intercolonial railway or any part of it to the Canadian Pacific Railway. There is nothing in this bill to prevent it.

With part III, dealing with compulsory cooperation and the restriction of competition, I am also in agreement. I believe we have carried competition too far, not only in connection with railways but in many other things. I cannot agree with those who regard this provision as being of a confiscatory nature. I am convinced that it is the duty of parliament and of the people of Canada to see that corporations, no matter how large, are restrained in their operation and kept within the control of the people. It is true that in the theory of government usually held by persons on this side of the house the laissez-faire policy has been fundamental. But I believe that in this modern age we have to set that aside and think rather of the greatest good for the greatest number; and if in any community a corporation or an individual becomes too powerful and by its action threatens disorder to the state, or works injustice, it is the duty of the representatives of the people to restrain and restrict such action. For that reason I favour part III of the bill.

Coming to part I, I listened with considerable interest to the very remarkable speech made by the Prime Minister on March 9. It was remarkable in this, that as we listened I believe most of us were almost persuaded that it was one of the best speeches he has delivered in this house since he became Prime Minister. It was remarkable also in that when it is analyzed I think it is one of the worst. He began by giving us the political history of railroads in this country. I hope I may be excused for saying that the political part was better than the historical. He told us, in regard to part I of the bill, that the number of trustees should be three. At page 2858 of Hansard he is reported as follows:

> Why is the number three? It is the considered judgment of the commission, every one of them, that any number greater than three means disaster.

[Mr. Power.]

I wonder where the Prime Minister got that. I have not been able to find it in the Duff report. At page 2859 he continued:

> And by that unity of effort which three, rather than five, can make possible, we will restore the property to the position in which we desire it. That is the fundamental recommendation with respect to administration.

I ask you, Mr. Speaker, what is there that is fundamental, what is there that is holy, what is there that is sacrosanct about the number three?

Some hon. MEMBERS. The Trinity.

Mr. POWER: It is true that there are three leaves in the shamrock. But I hardly think the Prime Minister can expect us to accept as a fundamental principle of this bill, one of the things on which the government must stand or perish in the attempt, the number three. Perhaps three is a good number. I am of the opinion that perhaps the Prime Minister's speech was not intended so much for us on this side of the house as for some of his own supporters who showed indications of wanting more than three. I have an open mind as to whether the board of trustees should consist of three members or five, but the argument of the Prime Minister almost convinced me that I should vote against the bill, because if he attaches so much importance to the mere number of trustees it gives me the impression that when we endeavour to amend the bill before third reading we may get very little consideration for the suggestions we offer by way of amendment.

With respect to the powers of the board of trustees, I share entirely the views expressed by the hon. member for Vancouver Centre (Mr. Mackenzie). We have no justification, no mandate, and no right to give away the property of the people of Canada—we believe it to be their property notwithstanding what the Prime Minister said—to give that property to any three men and tell them: "You may do what you like with it and we will pay the bill". As the hon. member for Shelburne-Yarmouth (Mr. Ralston) said, he who pays the piper has the right to call the tune.

There is something more. No one who has spoken in favour of this bill on either side of the house has said anything more in its favour than that it is a palliative; no one has given it as his considered judgment that the bill is a permanent solution of the railway problem of Canada, not even the Minister of Railways, not even the Prime Minister, not even my hon. friend the member for North Waterloo (Mr. Euler). I take it the best we can say for it is that it is an emergency measure to

deal with certain aspects of the problem. It does not settle it; I do not think even the Minister of Railways will say that it does. Why, then, set up a board which by its very nature is irrevocable? We are dealing with a temporary situation; why set up an administration which cannot be changed or removed even by the will of the people of Canada? To that feature I have the strongest objection, and unless it is so changed as to bring these trustees more under the control of the parliament and people of Canada I shall be reluctantly forced to vote against the bill on third reading. We should be setting up an eternal self-perpetuating board, committed to payment of their salaries, and giving them full power to carry out their policies for the term of their appointment. Nobody taking over the management of a railway would lay down a policy for one month or one year; they would base their policy on the term of their tenure of office. I think in binding ourselves so we should be exceeding our mandate. Therefore unless this provision is altered I think many of us will have to vote against the bill on the third reading.

I propose to vote for the second reading because the bill is the outcome of the report of a commission which the government set up on the unanimous recommendation of the house. The recommendations of the commission's report are largely embodied in the bill, therefore it should have respectful attention, and it would be inconsistent and illogical not to permit the bill to come before the committee of the whole to be considered in detail, when it may be amended or modified. For that reason also I am inclined to support the second reading.

There is a further reason which perhaps should appeal more strongly to my friends on this side of the house. Never since the present administration came into office, so far as my recollection serves me, have we been so favoured by a minister bringing down a bill. When this bill was introduced the minister told us that he was prepared to consider amendments and that he would welcome suggestions from all quarters. In spite of the remarks of the Prime Minister, which to a certain extent seemed to limit the authority of the minister to consider our suggestions, I prefer to take the position that the minister, as the man responsible for this legislation, is in good faith and that, if he is not prepared to acquiesce in all the views we may express in committee, at least he will give us a fair hearing. We on this side of the house have constantly claimed that the government have not sought our cooperation. On this one occasion, when perhaps the government wishes to get away from its own responsibilty, I think it would be very ungracious if we did not extend every assistance and all cooperation in endeavouring to whip this matter into something resembling the form we think it should take in order to deal with the problem confronting the people of Canada to-day.

Since this debate opened a great deal has been said with regard to the lack of foresight and the extravagance displayed by the people of Canada. Perhaps while I am on that point I may be permitted, though some may consider it rather indecorous, to refer to a great Canadian who has just passed away. I realize that perhaps, in the midst of a controversy with regard to the things with which he was closely connected, this is neither the time nor the place to refer to his work, but I think all hon. members will agree when I say that Sir Henry Thornton was a great Canadian. At no time was that better shown than to-day, when hundreds of thousands of people throughout this country are bowing their heads in grief at the passing of a real friend.

I am not one of those, Mr. Speaker, who are prepared to hang their heads in shame because those who have gone before were extravagant in this matter of railways or in any other matter. That was characteristic of the people who inhabit this North American continent; it was characteristic of the two great races which make up the great Canadian people. They went forth into the blue to explore, to discover, to Christianize and to civilize. They were not fireside pioneers; they were not armchair explorers. They mortgaged their future when they went to the western prairies and when they took up land in the back settlements of Quebec and Ontario. They did not know from where the next dollar was coming. If they borrowed a few dollars from a merchant in order to go into the woods they never knew how they were going to repay that loan, but they did so through unremitting toil, they were sustained by high courage and they refused to despair. If during the good days we believed this country had a magnificent future; if we spent more money than we should it was, as I said before, only characteristic of the people. What do we care if we did spend too much? Are we any the worse off to-day because we indulged in an orgy of spending? I do not think we are. We gambled on the future of this country, and what young pioneer country would not gamble in that way? I believe throughout the length and breadth of this land to-day you will find people who are scheming and working in an endeavour to find a way out of their difficulties, and they are working far harder and exerting far more mental and physical effort

than would have been the case if money had continued to be plentiful as in the days gone by. If in connection with our railways we are loaded with debt it is but an incentive to our people to show their courage, their initiative and all the other qualities which have made this country what it is to-day.

So, sir, I resent the charges of extravagance which have been made. Money might have been saved in some cases, but if it helps this country realize that we can only get along by working harder; if it helps us remember that our ancestors showed better foresight than we did; if it helps us realize that before we came on the stage of public life there were those in this country who believed that there was a future in Canada; if it helps us enter into the spirit of those men, I think Canada will become even greater and more prosperous.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Miss AGNES C. MACPHAIL (Southeast Grey): Mr. Speaker, it will take but a very short time for me to say what I have to say. I think all hon. members will agree that our railway problem originated a long time ago, and that our railroads have been overbuilt and built unwisely because of paralleling lines and insufficient branch lines or feeders for the trunk lines constructed. Many of the original railroads which now go to make up the Canadian National Railways had gone broke. After a process of many railroads becoming fewer in number, they were then taken over as the national system. These roads were taken over at great cost but had they been written down to something like their real value we would have got rid of one of the difficulties which has followed us ever since. In my opinion the Canadian National Railways never had a real chance to show the virtues of public ownership. There was always this backbreaking burden of debt to carry, a debt which should not have been carried by the road proper. The earnings could not possibly cover the charges against the road. I have often thought that this national road was forced upon us before the public was ready to support public or state ownership. Then again we had the problem of having people connected with the administration who did not really believe in public ownership. It seems to me that I read some place that the present president of the road stated publicly that he did not believe in public ownership. It is a great handicap to any experiment if those conducting it do not believe in it.

I do not intend to discuss the bill in detail because those who have preceded me have done so much better than I could. I know the Minister of Railways (Mr. Manion) is having a very difficult time with the railways because of a lack of volume of traffic, but this bill will not increase traffic. It seems to me that the railway problem is being attacked in the wrong way. I believe that the deflationary monetary policy which has been pursued by this administration has had more to do with the lack of volume of traffic than any other one thing. There is not enough money in circulation to enable Canadians to exchange the goods they produce for other goods, and therefore the railroad traffic has been lessened. There are also the tariffs to be considered. While the monetary problem is fundamental and the tariff problem is not, it is rather curious that an administration that has done everything possible to obstruct international trade should now be worried because our railroads have not a sufficient volume of traffic. Not only have tariffs been raised higher and higher but we have had excise taxes and dumping duties as added obstructions to trade. Is it to be wondered at that we have a railroad problem of gigantic proportions? The ability of the Canadian people to produce goods has not been lessened; we could have just as great a volume of goods and passenger traffic as we ever had because there are just as many people and their ability to produce goods is just as great as ever.

If this bill should pass, our unemployment problem will be increased. Further unemployment will be created among the railway employees and the employees in the steel and other industries closely associated with the railroads. Employees of the railways and in the steel, wood-working and other industries will be affected. They will not be able to purchase as much as previously and this will prove to be but another step in the process of deflation and the further contraction of the purchasing power of the Canadian people. On general principles, I am opposed to the bill.

Apparently the government has expended much energy and time upon the railroad problem as a separate problem, but I think it would have been wiser had the administration devoted its energies to increasing traffic for the road. In my opinion, the best way to do this would have been to increase the medium of exchange and remove the obstacles to trade. It is also within the power of the

Dominion government to lift the burden of federal taxation from the masses of the people and put it upon those best able to pay, by means of direct taxation. I believe that these methods would provide a permanent solution of our railroad problem, which I do not think is provided by this bill.

The bill calls for compulsory cooperation upon the part of the Canadian Pacific Railway. I am afraid that that may lead to a moral responsibility on the part of the Canadian parliament for the bonds of the Canadian Pacific. There is a very real danger of it, and we want no more of that kind of thing. Having taken over the fearful debt burdens of the roads which went to make up the Canadian National, let us not put an additional burden upon the Canadian people in the form of responsibility for the Canadian Pacific bonds. In my opinion, people who hold bonds should take a chance of personal loss. If we are going to guarantee the Canadian Pacific bondholders against loss, as we have guaranteed the bonds of the Grand Trunk, the Grand Trunk Pacific, and so on, we should guarantee every individual in Canada against loss. But that we do not do, and so we ought to be very careful not to put ourselves in a position where there will be a moral obligation in connection with the Canadian Pacific bonds.

The Prime Minister (Mr. Bennett) stressed the importance of the board of three to be appointed. Apparently the Canadian National is going into receivership and the members of this board are to be the receivers. If that is the case, the business of this board will be to get as much out of and put as little into the road as they possibly can. We may look for a curtailment of services and a possible disregard for the well-being of the employees of the road. If this board is to be a receivership, why should it be in perpetuity? That is the second reason why I am opposed to the bill in principle. I may not be justified in seeing these dangers, but I do see them in connection with a board that is self-perpetuating. No matter what the views of any future government may be they cannot change the committee of three without the consent of both houses of parliament, of which, as we know, in practice is very hard to get.

I should like to say a word or two about the commission. I think that mental capacity and integrity should be admired and respected whether found in high or low circles, at home or abroad. But the occupancy of a conspicuous position is not, in my opinion, necessarily proof that the incumbent possesses either or both these qualities. At any rate I have come to the place where I am not willing to take the word of any person just because that person holds a high position or possesses great wealth. I rather drew from the forceful words of the Prime Minister that it was almost going too far to criticize any members of the commission and that the commission being what it was, we should take its recommendations without further thought. With that I do not agree. I know very little about the members of the commission, but I want to tell the house an incident in relation to two of them which does not strengthen my faith in the recommendations of the commission. One is a very personal little incident. At a meeting in Newmarket a couple of years ago which was attended by Sir Joseph Flavelle, he stated that the bankers had only the savings of the people to lend and that they could not lend any money other than that of the depositors. I asked him if he actually meant what he said, and he replied that he did. I think no one could accuse Mr. Wayne Plumptre of Toronto university of being a radical. Yet he, in a recent article in MacLean's said:

> The fallacy that bankers loan only other people's deposits is just as pronounced as the fallacy that money is backed by the security of gold. The banker, in the main, does not lend accumulated savings.

I would prefer to believe that Sir Joseph Flavelle really thought the bankers did loan only savings. We are getting him into a rather tight box, because, if he thinks they lend only depositors' money, I am afraid I do not bow in admiration to his ability, and if he knows they do lend ten times as much as is deposited with them, then I am afraid I cannot admire his integrity, so that in either case he is really in a bad fix. Besides that, with all respect for years, I think this is a time when people who got their ideas out of this generation should be in high places and on commissions. To too great a degree we have people affecting the action of to-day whose ideas were formulated in a time that is past forever, an age very different from the one in which we live.

I found accidentally in the New Republic a very interesting story about Mr. Loree, who was the United States citizen on the commission. I am sorry that the members are not interested in Mr. Loree; at any rate, I shall proceed to put this on Hansard, even if only the Hansard reporter and I hear it. This is, as I said the New Republic of February 8 of this year:

> Leonor F. Loree, boss of the Delaware and Hudson Railroad, having bought his way into the New York Central road, wants to become

one of its directors. If he were applying for the job of office boy instead of director, the personnel department would want to know something about his record. If they found out that, as an office boy, he had done anything quite on a par with at least one of his performances as a railroad director, he would be tossed out of the window. However, there is one standard of ethics for office boys and another for directors. If you doubt it, draw up your chair while we tell you a little story about Mr. Loree.

I shall try to abbreviate the story, but it is a very interesting one:

He has now caused his Delaware and Hudson Railroad to buy 500,000 shares of New York Central stock and thus become its largest stockholder. Before that, however, he was ambitious to set up a great trunk line of his own with the Delaware and Hudson in the north and the Kansas City Southern in the south as the nucleus of the dream. Loree is chairman of the board of the Kansas City Southern as well as of the Delaware and Hudson. As part of this plan it was necessary to purchase stock control of some other railroads. Here is what he did.

September 25, 1924, as chairman of the Kansas City Southern board, he named a special committee to buy stocks in railroad companies in the southwest. November 6 and 7, Loree bought for his own account 14,000 shares of Missouri, Kansas and Texas common at an average of $20.35 a share—total cost $285,872.14.

Four days later (November 11) the special committee began buying Missouri, Kansas and Texas stock for the Kansas City Southern. It bought 350,000 shares at an average price of $32. Total price, $12,000,000. Mr. Loree then sold his shares at prices ranging from $31·375 to $32·375. He made a profit on the deal $144,707.

An hon. MEMBER: Did he buy any oil stock?

Miss MACPHAIL: I shall tell the hon. member about that some day. If Mr. Loree did, he would not have made money out of it. The article continues:

This was all secret and no one knew of it until in 1928 the facts came out in a hearing before the Interstate Commerce Commission. The Wall Street Journal commented on these strange facts, but no daily newspaper published any account of them.

This is the Wall Street Journal's account under date of July 27, 1928, analyzing the conduct of Mr. Loree:

The reason why Mr. Loree should not have bought stock in Missouri, Kansas and Texas, for his personal account is that he contemplated purchasing Missouri, Kansas and Texas stock for the account of the Kansas City Southern of which he is the head.

When the New York Stock Exchange discovered some years ago a broker trading on his own account against the interests of his clients he was expelled from the stock exchange with the stamp "obvious fraud." That broker, having an order to purchase shares, would first buy for himself, then, of course, at a higher price for his clients. It mattered not to whom he sold the stock later. He traded for his own account against the interest of his trust.

Mr. Loree traded for his own account against the interest of his trust. That is the simple, plain and direct statement, if one must put a label on Mr. Loree's conduct.

A Boston lawyer, who saw this report in the Wall Street Journal, remembered he had a client who had a block of shares in the Kansas City Southern, so on behalf of his client he asked the directors of that railway to bring Mr. Loree to account. But the board of Mr. Loree's railway submitted the demand to a well known New York lawyer who advised them that Mr. Loree's conduct was quite proper and the board thereupon passed a resolution whitewashing him. The Boston lawyer then notified Mr. Loree and his directors that he would institute a stockholders' suit to force Loree to disgorge his profits, and as the suit would have to be brought in Missouri, the Boston lawyer engaged Senator James Reed to bring the suit. When it became known that the doughty Missouri senator, famed for his ruthless and searching cross examinations, was about to launch an attack, Mr. Loree, just as the bill in equity was about to be filed, caved in and paid the entire amount of his profit including interest, to the railway company.

I said that I have respect for ability and for integrity, but may I say that the two gentlemen whom I have named do not, in my opinion, strengthen the findings of the commission. I know nothing about the others, nor do I want to do so, but for too long have we thought because people occupied high positions or because they possessed great wealth, we should swallow any statements they made as being the wisdom of the ages. I have got quite past that point, and for the reasons which I stated earlier and which I do not care to repeat, I shall vote against the bill.

Mr. J. K. BLAIR (North Wellington): Mr. Speaker, I shall briefly give my reasons for objecting to this bill. I believe that as labour and capital are partners, labour should be represented on the board. This legislation tends toward amalgamation and eventually the destruction of the national ownership of railways. I object because this bill will remove entirely from the hands of parliament control of the national railways, and has a tendency to destroy the principle of responsible government. Undoubtedly the effect of the bill will be to aggravate unemployment in this country. Surely the government could devise some means of alleviating the economic conditions in Canada without increasing unemployment. I object to this bill because

undoubtedly it will aggravate unemployment. Its concern appears to be moneyed interests, and it disregards the interests of labour. Surely the government knows that its primary obligation is the relief of unemployment. In 1922, when conditions somewhat similar obtained, the government of that day did not dismiss men from the railway or lower their wages. They adopted other means of improving the conditions by lower tariffs, and at this time the humanitarian side should also be considered. We all agree that first in importance is the problem of unemployment, next farm relief, and third, perhaps, the economic condition of the railways. This bill proposes to relieve the economic condition of the railways at the expense of the railway employees, among whom, every member of this house will agree, it will increase unemployment. I have often thought that labour and labour unions went too far, but surely none of us now can say that labour has not drunk deep of the bitter cup of poverty.

All that is wrong with the railways in my opinion is that we have overbuilt. A young nation, like a young person, is apt to be over-optimistic. Perhaps we expected too much of this young country. What the railways need, and I am speaking now of both Canadian railways, is more business, and I believe that if the tariffs of this country were lowered, and the sales tax removed, if there was less bursting and blasting, if we would learn how to be courteous to other nations, it would help both external and internal trade and bring about a great improvement in the condition of the railways. It would help to check this wholesale selling of our ships, the rusting of our trains on railway sidings, the wholesale dismissal of train men and sailors. I intend, Mr. Speaker, to vote against the bill.

Mr. SPEAKER: It is my duty to point out to the house that if any other hon. member wishes to speak in this debate he must do so before the minister rises to reply, as the minister will close the debate.

Mr. CASGRAIN: Mr. Speaker, before the minister speaks, I rise to a point of order. Standing order 43, at page 366 of Beauchesne's Parliamentary Rules and Forms, says:

(1) No member may speak twice to a question except in explanation of a material part of his speech which may have been misquoted or misunderstood.

The next subsection of standing order 43 reads:

(2) A reply shall be allowed to a member who has moved a substantive motion.

Your Honour will find a substantive motion defined at the bottom of page 108, paragraph 366:

By a substantive motion is meant a motion not incidental to a proceeding before the house.

I submit, Mr. Speaker—

Mr. HANSON (York-Sunbury): That is pretty dirty stuff.

Mr. CASGRAIN: I would ask the hon. member to withdraw that remark. He has no right to make it. I am a member of this house, and have the same privileges as every other hon. member. I insist, Mr. Speaker, upon the remark being withdrawn.

Mr. SPEAKER: I did not understand what the hon. member said.

Mr. CASGRAIN: He said, "dirty stuff." I heard him, as did others around me, and he repeats it.

Mr. SPEAKER: I am not aware which hon. member made the remark.

Mr. CASGRAIN: It was the hon. member for York-Sunbury (Mr. Hanson).

Some hon. MEMBERS: Withdraw.

Mr. SPEAKER: I am sure that the hon. member for York-Sunbury, if he made the remark, will withdraw it.

Mr. HANSON (York-Sunbury): If the remark is unparliamentary, Mr. Speaker, I will withdraw it, but I meant it just the same.

Mr. CASGRAIN: I rise to a point of order, Mr. Speaker. A member cannot qualify his withdrawal.

Mr. SPEAKER: Do I understand that the hon. member for York-Sunbury unequivocally withdraws the remark?

Mr. HANSON (York-Sunbury): I do, Mr. Speaker.

Mr. CASGRAIN: Having regard to the rule which I have quoted, Mr. Speaker, I submit that it would not be proper for the hon. Minister of Railways to resume the debate.

Mr. SPEAKER: Notwithstanding what the hon. member has said, it has been the practice of this house to consider the motion for the second reading of a bill as a substantive motion. Prior to 1927 what is now standing order 43 of this house was standing order 21, and it contained the words, "who has moved a substantive motion or the second reading of a bill." When the rules were revised the words "or the second reading of a bill" were considered superfluous; it was considered that it went without saying that a motion for the

second reading of a bill would be considered as a substantive motion. On March 30, 1920, and on May 30, 1920, the Speaker of this house so treated a motion for the second reading of a bill. A similar ruling was given during the present parliament. So I cannot admit that the hon. member's point of order is well taken. In accordance with the practice of this house the member moving the second reading of a bill has the right to reply.

Hon. R. J. MANION (Minister of Railways and Canals): Mr. Speaker, in view of the fact that during the two weeks this debate has been going on, two out of three speeches have been coming from the other side of the house, and that on three occasions at least this side of the house permitted hon. gentlemen opposite to exceed their time against the rules of the house, I must confess that, after extending this courtesy to hon. gentlemen opposite, I am somewhat surprised by the attitude now taken by the chief whip of the Liberal party in trying to prevent me from speaking.

In speaking for the forty minutes at my disposal in closing the debate on the second reading of this bill, I do so with mingled feelings because, in moving the second reading nearly two weeks ago, I particularly requested of all sides of the house that, as far as possible, they should deal with the question on a high plane. I will quote my words:

> I sincerely hope that when this bill goes to the committee of the whole or is otherwise disposed of by this house it will be dealt with on exactly the same high plane, because I submit that this is no time for party strife, and I do not believe that the people of this country in these critical times, particularly having in mind the incidents of last week, are looking for party strife on a matter which is so serious to them as is this question.

I repeated the same suggestion later in my remarks. I endeavoured at that time to take a non-partisan, non-controversial and unbiased attitude on this whole question, and this is proved by the commendations which I have received from the other side of the house from various speakers, on the high stand taken at the opening of the debate; though their commendations have made me sometimes wonder if I was not wrong. Then the hon. member for North Waterloo (Mr. Euler) took exactly the same attitude as I did. He took an unbiased, non-partisan attitude, certainly one which supported the position which I had taken. He was followed later by the hon. member for North Bruce (Mr. Malcolm) later by the hon. member for Gloucester (Mr. Veniot), this afternoon by the hon. member for Quebec South (Mr. Power), by the hon. member for West Edmonton (Mr. Stewart),

and various others who took exactly the same broad attitude towards this very important question. I may add that a number of speakers on the other side of the house who belong to the third party took the same position. Of course they differed in regard to details of the bill, but on the whole they took a non-political stand, although they were critical of some portions of the bill. I congratulate them and the others I have mentioned on their very fair stand.

Speaking after me, the hon. member for North Waterloo obviously spoke on behalf of the whole Liberal party. He was their spokesman for the time being, and I must confess that sometimes since the beginning of this debate I have found myself wondering how he felt, after having stood up in this house and showing a very fair-minded attitude and more or less pledging the party, to see a large portion of the party desert him. That is not his fault, and I am not urging it as any criticism against him; yet I found myself wondering over and over again, as I listened to the change in tone after the hon. member for North Waterloo and one or two others had spoken, as to what caused that complete change of attitude voiced by so many hon. gentlemen who followed a little later in the debate.

Some hon. MEMBERS: The Prime Minister's speech.

Mr. MANION: The attitude of hon. members had changed long before the Prime Minister's speech. However, I will deal with that later. Criticism did come, it is true, in regard to some details of the bill, from this side of the house. I admit that. I find myself again wondering if it was not a fact that the right hon. leader of the opposition (Mr. Mackenzie King) came to the conclusion there must be some difficulty in our party, and therefore decided he would do well to take advantage of it and perhaps split the party on a vote. However, I am just guessing as to that.

I do say this, that I listened to every speech made in this debate from all sides of the house, and I heard no speech from this side—and in that I include the Prime Minister's speech—I heard no speech from this side of the house which was really partisan in any way. I shall try to establish that as I go along. But some hon. members on the other side, at least half of them, made political speeches. They found fault not only with the bill—and I do not quarrel with that—but they imputed motives to us. The right hon. gentleman who leads the opposition

spoke of sinister designs behind this bill. I doubt if anybody could have used more severe language than to suggest that there was anything in the shape of a sinister design behind this bill. It is true hon. members opposite—as they did also a minute ago—in their speeches did charge the Prime Minister with having taken a partisan attitude. I deny it. He followed the hon. member for West Lambton (Mr. Gray) whose speech was a very very severe castigation, from a political standpoint, of everything coming from this side of the house. He followed the speech of the right hon. leader of the opposition who moved an amendment which could not possibly be accepted, the right hon. gentleman who used the expressions I have just quoted.

The right hon. gentleman opposite suggested sinister motives, and so that there may be no mistake I shall read his words as they are reported in Hansard. At page 2853 of Hansard the right hon. gentleman is reported as follows:

> But if that cannot be done,—

That is, if the amendment cannot be accepted—

> —I must confess that so far as I personally am concerned I should not find it possible to support the second reading of this bill, because I would find in the refusal by the government of a declaration of this kind, evidence that there must be a sinister design which is not apparent on the face of the measure itself.

What possible suggestion could anyone make of a more partisan nature than that the whole government of my right hon. leader had a sinister design behind the bill? I say the leader of the government was justified in becoming a bit irritated by the speech of the leader of the opposition, and even more so by the speech of the hon. member for West Lambton.

Mr. MACKENZIE KING: My remark was conditioned upon the acceptance of the amendment.

Mr. MANION: Upon the acceptance of an amendment which could not be accepted, because it amounted practically to a six months' hoist, an amendment which the Speaker himself ruled out of order. Yet we were asked by the right hon. gentleman to accept the amendment; in the event of not accepting it he suggested there was a sinister design behind the bill.

It is true the Prime Minister did quote Sir Wilfrid Laurier as having said that the National Transcontinental and the Grand Trunk Pacific would cost the people some $13,000,000 when the cost was hundreds of millions. However that is a matter of history. There was nothing wrong with the quotation; it was absolutely according to facts. He also pointed out that Mr. Blair, the Minister of Railways of Sir Wilfrid Laurier's day, had resigned because he did not agree with the proposal to build the Transcontinental railway. However those are historical facts.

I do not remember any statement made by the Prime Minister which was of a partisan nature.

Mr. MACKENZIE (Vancouver): Oh, oh.

Mr. MANION: On the other hand, the hon. member who has just said something to me which I did not hear, the hon. member for Vancouver Centre (Mr. Mackenzie) got up to-day in this House of Commons and commended me upon my moderation, and hoped that I would show the same type of moderation in my speech to-night. But here is the way he showed moderation: I marked down two or three headings as the hon. member spoke. He talked of an iniquitous bill; he talked about an insidious measure; of the Machiavellian hand of this government; of a Tory triumvirate; of a Tory conspiracy. I found myself again asking the question: If that is a moderate speech, what would he say if he were immoderate?

The right hon. leader of the opposition, in his speech, of course dealt with the bill in most moderate fashion. I shall give some of the statements he made. He said the bill was sinister in design. He said it would deprive parliament of its fundamental rights; that it would adversely affect the Intercolonial railway and the rights of the maritime provinces. I ask hon. members just to note the geographical distribution of his phrases. He said it might result in the shut-down of the Hudson Bay railway project—he had jumped from the maritimes to the Hudson bay. He said the limitation of the board of trustees was unfair to organized labour; that was a touch for labour. He said that the powers granted the trustees "may effectively bring about amalgamation," as to which, unlike certain of his followers, he was "unalterably opposed." I say that the attitude of the right hon. leader of the opposition was merely a camouflage, that he was merely pretending to take a moderate attitude in connection with the bill, that he was simply carrying out the usual policy of an opposition whose duty it is to oppose. He is opposing the measure.

I do not wish further to deal with that line of thought, but may return to these matters later. In the remaining time at my disposal I shall turn my thoughts to the charges made by some hon. members.

The hon. member for West Lambton made a very partisan speech. He made the statement that the position of president and chairman being divided under this bill would have a very serious effect on the national railway.

Mr. GRAY: No, no.

Mr. MANION: He opposed very strongly the division of this power. I simply point out—

Mr. GRAY: I do not wish to interrupt the minister, but I commended the minister on the very fact that there should be this dissociation.

Mr. MANION: I accept the hon. member's correction. However, some hon. members made that statement. Some suggested the arrangement would be detrimental to the railways. I have a list of sixteen American railroads on which such an arrangement obtains. The hon. member for West Lambton said that the government was seeking to foist its trustees on the country, and keep them in that position. He took that stand. I cannot agree with him because if the government had desired to do that it would have gone a whole lot further in carrying out the recommendations of the royal commisssion in that regard. At page 64 of the report it is recommended by the commissioners how the trustees shall be appointed in case of a vacancy. It is stated in the first sentence at page 64:

> Vacancies among the trustees shall be filled from a panel of eight named by the remaining trustees.

But when the bill was going through the Senate it was changed so that the panel would be supplied not by the remaining trustees but by the remaining trustees with the addition of the chairman of the Board of Railway Commissioners and President of the Exchequer Court of Canada—in other words widening the base. If we had been desirous of perpetuating our trustees we would not have widened the base for the framing of the panel, because it will be remembered that the president of the exchequer court, for whom I have the greatest respect, was an outstanding Liberal, and a minister in a former Liberal government.

Another of the complaints, this one I think from my hon. friend the member for West Lambton, was that this bill by clause 16 would lead to amalgamation. Of course laws can be broken, but this measure is not being enacted for the purpose of permitting amalgamation. I think it was Daniel O'Connell who at one time said he could drive a coach and four through any act of parliament, and this act may be like others in that respect. But my right hon. leader, the Prime Minister, gave the pledge that I had already mentioned—that we do not intend this bill to bring about amalgamation, and we have given the pledge that an amendment will be moved to protect against that possibility. It would be also a breach of trust on the part of the trustees appointed to look after the welfare of the Canadian National Railways should they take it upon themselves to adopt any such policy, and I do not think this or any government would consider appointing to such an important position men who would do this.

Then it was suggested that this measure is for the purpose of wrecking the Canadian National Railways. I say, and have said on many other occasions, that any man who would set out intentionally to wreck the Canadian National Railways would not be fit to bear the name Canadian or to represent any constituency in this house. Canada has too much interest in, is too much bound up with, the Canadian National Railways; that great transportation system is too intimately related to our national life, for anyone on either side of the house to endeavour to wreck it.

The hon. member for Provencher (Mr. Beaubien) claimed, as did the hon. member for Cartier (Mr. Jacobs), that this bill could only mean amalgamation, and the hon. member for Provencher opposed it for that reason. If that is the object in view, why is the bill so strenuously opposed by the Canadian Pacific Railway? That, I think, is a sufficient answer, for Mr. Beatty has taken the position throughout the country that he believes amalgamation is the proper solution of Canada's railway problem, yet the Canadian Pacific is opposing this bill very strongly,—they did so in the Senate, and they are not favourable to it at the present time.

The hon. member for Kenora-Rainy River (Mr. Heenan)—I am sorry I do not see him here at present—spoke of the decrease in wages to be brought about, and said that already there had been a decrease on the Canadian National, as I understood him, of $125,000,000 from 1929 to 1932. I find there has been an actual decrease of $59,000,000, a little less than half the amount the hon. gentleman gave, but as the hon. gentleman is so often not more than half right I suppose this is in line with his usual accuracy in such matters. He also took the attitude that this measure was going to injure labour, and asked for consideration of what he called the human element in industry. Of course we must all think of the human element—and if I may be permitted to refer to my own constituency, it is, I think, more a labour constituency than that of the hon. member for Kenora-Rainy River—I am just as anxious for the welfare of the industrial class, the working class so-

called, as any one in this house, and I do not except the hon. member for Kenora-Rainy River although I do not speak so often about it as he does. I even go so far as to admit that our economic system is at a fault in permitting conditions to exist that have existed in this depression and other depressions in the past, and that we will have to correct those conditions so that men thrown out of work in any industry will have some care given them. I admit that, but at the moment such measures have not been put into effect and cannot be put into effect under the conditions existing at this time. During all the years that the hon. gentleman administered the Department of Labour in the late government I did not notice that he put any such policies into effect.

But I do not think it is proper in this house to argue the question from the standpoint of any one class in the community. It seems to me that an hon. member represents every class not only in his own constituency but in all the country; at least that is the position I have taken as a member of parliament. And while the argument may be made that there should have been a representative of the railway workers on the commission or the board of trustees, what about the agricultural workers? We have in this country under 200,000 railway workers and over 1,000,000 agricultural workers, and one class is just as dependent on the railway as the other, because the agricultural people cannot buy anything that they require to eat or wear or use that does not pay toll to the railways. So if 200,000 or less railway workers must be represented surely the agricultural class have the same right.

My friend the hon. member for Winnipeg North Centre (Mr. Woodsworth), together with the hon. member for Red Deer (Mr. Speakman), the hon. member for Peace River (Mr. Kennedy), the hon. member for Wetaskiwin (Mr. Irvine), the hon. member for South-east Grey (Miss Macphail) and others, took what I consider a fair attitude; but I wish to refer to one statement made by the hon. member for Winnipeg North Centre. He said the bonds of the railway should be exchanged for stocks. If the holders were willing, yes, I agree. But you cannot take possession of the bonds and give stock on which dividends would be paid only when earned, unless you are prepared to repudiate the country's pledge, because the bonds of the Canadian National Railways are guaranteed by this government, and unless we come to the point, which we have not reached yet, that we repudiate our obligations, we cannot force the holders of these bonds to exchange them for stocks.

The hon. member for North Winnipeg (Mr. Heaps) complained that there was no labour representative on the commission. I point out that there was no class representation of any kind on the commission. Perhaps I was a little unfortunate in saying that Lord Ashfield and Mr. Loree represented bondholders and stockholders in Great Britain and the United States. I did not mean that they were chosen for that purpose; I simply meant to point out that as there were hundreds of millions of dollars of Canadian Pacific securities held in Great Britain and Canadian National bonds in the United States, it was the opinion of the government that it would bring about a better understanding if we had on the commission a representative from each of these great countries. I think that was a reasonable and logical attitude to take. But, as pointed out this afternoon by some speaker, labour was considered in this report. Section 190 deals with contractual relations of labour, and a clause was put in the bill by Senator Murdock to protect labour in changes brought about by cooperation, so that the labour people on the two great systems would get a fair deal. Throughout the hearings before the commission and also before the Senate committee representatives of many different labour organizations appeared and made representations, so that labour did have opportunity to put its case before both the commission and the Senate committee.

On this side of the house a number of members, two particularly, the hon. member for York-Sunbury (Mr. Hanson) and the hon. member for Queens-Lunenburg (Mr. Ernst), advocated enlarging the number of trustees, and the same recommendation came from some members on the other side of the house. As to the number, I would only repeat the argument of the Prime Minister, that three was the number recommended by the royal commission. As far as numbers go I believe that, as I said in my first speech, the seventeen who are on the board now have done splendid work in bringing about economies, but at present rearrangement is needed. There must be a chairman to assist Mr. Hungerford, because he cannot be both operating head and chairman or whatever you choose to call the position. So since the royal commission recommended three, it was the opinion of the government, as expressed by the Prime Minister, that we should as far as possible follow such recommendations.

After all, the imporant man among the trustees is the chairman. It will not be an easy thing to pick a man suitable for that position, but if we succeed in getting the man

most suitable for it, I think all hon. members of this house will agree that he would be quite well able to act alone as far as that is concerned.

The hon. member for North Waterloo claimed that the public was not being protected in the tribunals. I do not agree with him on that, because the head of any tribunal will be the chairman of the Board of Railway Commissioners, Mr. Justice Fullerton, a man who, before he came to this city of Ottawa, had won a very high position indeed in the judiciary and who to-day has the confidence, I think, of both railway systems and of the people of this country generally. He is the head of the Board of Railway Commissioners for the purpose of protecting the people of this country against possible injustices on the part of the railways, just as on the arbitral tribunal he will be in a position to protect the public. So in that regard I think my hon. friend has a fear which is without foundation.

Mr. EULER: He could not initiate a tribunal himself, could he?

Mr. MANION: No, he could not, I will admit; it has to be asked for by the railways. The hon. member for Melville (Mr. Motherwell) in what I will say for him, as he said for me, was a very moderate speech,—

Mr. MOTHERWELL: Thank you.

Mr. MANION: —did make one or two immoderate statements, which was a fairly low average for the hon. gentleman, and I do not wish to be unkind at all. One of the statements he made—I submit without support at all—was that the Conservative party always has been against the Canadian National Railways. That is unfair and untrue. The Conservative party always has been for the Canadian National Railways. Certainly we were for the system in 1919, and the best service to be done for the Canadian National system during its history has been done during the last two or three years, when it encountered present business conditions. The hon. gentleman also reiterated a charge which has been floating around western Canada for a long time; I thought it had died, but my hon. friend resuscitated it. His words were to the effect that freight was being switched from the Canadian National to the Canadian Pacific. He did not say we were doing that, though one might have taken that inference from his remarks. I think he did say, however, that freight was being switched from the Canadian National to the Canadian Pacific. I should like to point out to him and to my hon. friend from Humboldt (Mr. Totzke), who I think made the same charge—

Mr. TOTZKE: I did not take that attitude.

Mr. MANION: My hon. friend even quoted figures to prove it.

Mr. TOTZKE: I said we were losing business.

Mr. MANION: My hon. friend did take the attitude that business was going to the Canadian Pacific rather than to the Canadian National. The hon. member for Melville was a little more extreme in his view, but I am not quarrelling with him.

Mr. MOTHERWELL: My hon. friend will remember that I gave him the opportunity to quote the correct figures.

Mr. MANION: I think my hon. friend was very generous, and I have no objection to take to his remarks. I am merely directing my hon. friend's attention to the fact that if he did not charge us with switching, as I thought he had, certainly we have been so charged throughout the west. I should like to give the percentage of gross earnings of the two railways which went to the Canadian National Railways during the last few years, in order to make the position quite clear. I am hurrying a bit, because unfortunately for me my time is somewhat limited. Of the total gross revenues of both railways in 1928 the Canadian National earned 51·8 per cent; in 1929 it earned 52·6 per cent; in 1930 it earned 53 per cent; in 1931 it earned 53·7 per cent, and in 1932 it earned 53 per cent. These earnings were from traffic of every sort. So it will be seen that the average is pretty constant, though there has been a slight gain in the last two or three years.

One hon. gentleman whom I see here to-night though not in his own seat, the hon. member for Vancouver-Burrard (Mr. Hanbury) made a speech to which I do not wish to reply except to this extent: May I say that he did what I think was not necessary in dealing with a bill or statute of this kind; he made a personal attack upon the Prime Minister. In considering measures of this kind I do not think such personal attacks are called for; I think they are entirely out of place, and I do not believe my hon. friend made a speech worthy of himself in so doing.

This afternoon the hon. member for Lotbiniere (Mr. Verville) made the statement, I understand, that we have not been making the proper salary reductions. I do not know where he got that information, because I gave the figures showing that the management of the railways had cut salaries—urged by ourselves, I frankly admit—to the extent of $1,900,000 during the last two years. That is, the salaries for 1932 as compared with

1930 showed a decrease of $1,900,000. And here I must remind hon. members that this refers only to salaries of over $3,000 a year received by the main officials of the road. I am not speaking now of any wage cuts; I am speaking of the salaries of the officials of the road. By reducing those salaries and eliminating certain positions the management brought about a reduction of $1,900,000 in 1932 as compared with 1930. In addition let me say something else I had not intended to bring up, and may I just interject here that many of the things I am saying now I had not intended to say, but hon. gentlemen opposite have made statements which must be refuted. We did away with the positions occupied by many men drawing huge salaries, who should not have been drawing them. There was one gentleman whose name I will not mention, because possibly he may be seeking some other railway position to-day. This gentleman was drawing a salary of $62,000 a year; he had been drawing from $50,000 to $60,000 from 1925 on, and from no official of the system could I find that this man was doing any service useful to the railway. As a consequence the officials of the road were instructed to look into the matter, and the officials themselves were very glad to get rid of that gentleman. And there were various other officials drawing huge salaries, though possibly not so great as that drawn by the gentleman I have mentioned, whose positions have been eliminated.

Now I should like for a moment to deal with the speech of my hon. friend from Quebec South (Mr. Power). This afternoon the hon. gentleman delivered a speech which was not only able and analytical but which was fair in every possible way. He pointed out that there was nothing in this bill to remedy public interference or public pressure in the larger sense. I should just like to say that to my mind the whole purpose of the bill in appointing the trustees as outlined and placing them beyond the power of parliament and the power of the government is to attempt absolutely to remove them from such influences and make them independent. I believe they are so much removed from such influences that they could refuse to listen to any parliamentary representatives who might press them for favours, and could refuse to heed public pressure from any part of the country. That is why they have been given such powers under this bill. They are given the power to oppose public and political pressure, in the interests of the railways as my hon. friend the Minister of Public Works (Mr. Stewart) suggests.

My hon. friend from Weyburn (Mr. Young) made a speech in the course of which he blamed everything upon protection. He often reminds me of Mr. Dick in David Copperfield, who always found the head of King Charles before him. The hon. gentleman cannot discuss anything in this house without bringing in the question of free trade. He said that one of the troubles with this railway was the insane practice of buying Canadian goods. I should like to ask him or anyone else why this practice should be called insane. It seems very strange reasoning to me; surely the people of Canada and particularly a Canadian institution such as the Canadian National Railways—and the Canadian Pacific Railway also, for that matter—should buy Canadian goods where they can get goods of like quality at equal prices.

Mr. YOUNG: I did not say the practice of buying Canadian goods was insane; I referred to the insane practice of forcing the railways to buy—

Mr. MANION: Canadian goods.

Mr. YOUNG: —Canadian goods when they could not buy them to the best advantage.

Mr. MANION: My hon. friend can have it his way, but I wrote down his words as he uttered them. I am sorry I have not had time to read his speech since, but I think if he checks it up he will see that I have quoted the effect of his words if not the words themselves. I noticed that my hon. friend found it difficult to correct me, but I do not wish to do the hon. gentleman any injustice. It did strike me as peculiar reasoning, however. I frankly state, as I think every hon. member will admit, that we must love our own country and our own people best, and we should endeavour to give them whatever favours we have to give.

The hon. member for Cartier (Mr. Jacobs) made a very interesting and witty speech, full of good humour, the sort of speech he usually makes in this house. Whether or not you agree with the hon. gentleman he always makes a speech that entertains and that is enjoyable to listen to. As he spoke he reminded me of the fact that he cares very little about the danger of losing his reputation by being humorous. There was a great English statesman who once said that the only way for a public man to keep his reputation of being wise was to be as solemn as an ass, and I can assure my hon. friend that he never is as solemn as that.

However, the hon. gentleman did make one or two statements to which I must take exception. He stated, or at all events implied, that the Canadian Pacific Railway was on the

verge of bankruptcy. I do not think that was a wise statement to make; I do not think it is on the verge of bankruptcy. I believe both the Canadian Pacific Railway and the Canadian National Railways will come back if we have a decent revival of business, and I do not think it will do any good to exaggerate the condition in which these railways find themselves. I have no desire to do that and I do not think any other hon. member of this house wishes to do so. I noticed also during the course of my hon. friend's very interesting speech that he said he supported the bill because he believed it would lead to amalgamation.

Mr. JACOBS: Hear, hear.

Mr. MANION: And my hon. friend now says, "hear, hear." He has never lacked courage. As he said the other night, we have both been in this house for some seventeen or eighteen years, but in spite of being on opposition sides of the house we always have been the best of friends. The hon. gentleman said that he favoured the bill because it led to amalgamation. I should like to point out to the house, especially to my hon. friends on the other side who have been pointing to us as the amalgamationists, that the only man in the whole house who openly favoured amalgamation was one of their own members, the hon. member for Cartier.

Mr. JACOBS: I hope the hon. gentleman will give me credit for frankness.

Mr. MANION: I do, and for courage as well. It takes courage as well as frankness to differ from one's party, as I well know.

Mr. JACOBS: And truth also. That is one of my weaknesses.

Mr. MANION: I know some of my hon. friend's weaknesses, but I do not know them all.

The hon. member for Shelburne-Yarmouth (Mr. Ralston) made one of those speeches for which he has become famous in the house. He can draw his own conclusions as to what I mean by that statement. He said that he wanted to draw the attention of the house "to the legacy we got and the legacy we left," the "we" being the Liberal party. He twitted the Minister of Justice (Mr. Guthrie) on a speech he made in 1928 when he referred to the progress made by the Canadian National Railway. The Minister of Justice does not need me to defend him, but I think I should say that at that time he could not tell what the Liberal party was going to do to the road in 1929.

[Mr. Manion.]

An hon. MEMBER: Very weak.

Mr. MACKENZIE (Vancouver): May I point out that he spoke in 1929 also.

Mr. MANION: He is a very fine speaker and he speaks every year.

Mr. MACKENZIE (Vancouver): He went on record then to the same effect.

Mr. MANION: It must have been before he recognized that to which I am now going to refer. My hon. friends have forced me to refer to these matters. I had no intention of taking them up but in view of the severe criticism of hon. friends opposite I believe it is only fair that these facts should be told. In 1929, because of public pressure, if you will, political pressure, if you will, or some sort of pressure, the Canadian National Railways presented to this house a budget amounting to over $200,000,000. When hon. members recall that before the war the national debt of this country was only $336,000,000, they will realize the immensity of the $205,000,000 mentioned in the report of the royal commission. A year before the royal commission was appointed I gave the figure as $270,000,000, but I was high by $18,000,000, which represented refundings. Subtracting $18,000,000 from $270,000,000 leaves $252,000,000, which I think is the correct figure instead of the $205,000,000 given by the royal commission.

I should like to refer to some of the sections of the royal commission report. Section 142 reads in part as follows:

> The conduct of the affairs of the national railway has been subjected in the past to political and public pressure.

Section 146 reads:

> Of direct political interference by ministers and members of parliament in the detail operations of the railway, we were assured by the officials there was little or none. It was in the larger sphere of policy that political considerations led to unwise and unnecessary capital expenditures, the result of which was to create an atmosphere in which the ordinary principles of commercial operation of the railway were lost sight of.

Section 150 refers to the budget of $205,000,000, and section 151 reads as follows:

> The actual cash expenditures during the same year covered by these authorizations amounted to $113,859,777, the balance, $91,748,104, being chargeable to subsequent years as construction work proceeded or obligations on account of roads purchased matured.

Section 152 reads:

> The net increase in funded debt of the Canadian National due the public for the year 1929 amounted to $144,670,459;

Section 154 reads:

When considering the scale upon which branch line extensions and acquisitions, as well as hotel expenditures were made, and railway and steamship services duplicated, it is impossible to avoid the conclusion that the board of directors and the management of national railways were amenable to political influence and pressure, which it would have been in the public interest to have withstood.

That was in 1929, a preelection year. These commitments were made from coast to coast covering steamships at one end, hotels in the east, terminals at Montreal and branch lines through the western provinces.

Mr. CASGRAIN: Did the members of the railway and shipping committee object to those expenditures? I think they were unanimously adopted.

Mr. MANION: Probably that is right but I cannot check it up. In 1929 the Minister of Trade and Commerce (Mr. Stevens) sitting beside me as he is to-night, made a speech wherein he pointed out the immensity of the expenditures being made. I remember that speech very well. It is true that we did not do much criticizing, but it must be remembered that if we had dared to open our mouths against the Canadian National Railways we would have been accused of enmity towards the road. That is the position we were in. I remember when the Prime Minister was sitting in the seat of the right hon. the leader of the opposition. I remember taking a seat beside him and discussing the immensity of the expenditure. But I repeat, if a man had dared to open his mouth at that time in criticism of any of these expenditures he would have been branded as an enemy of the Canadian National Railway.

Mr. MACKENZIE KING: The committee was unanimous.

Mr. MANION: Hotels were scattered from coast to coast. One of the hotels to be built was at Prince Rupert, a town of four or five thousand people. They were going to build a $600,000 hotel, and $250,000 was later included in the estimates for that purpose. These expenditures were projected from coast to coast.

I should like to point out an extraordinary thing which has never been referred to publicly before. During 1929 when this country was being committed to expenditures totalling over $200,000,000 on behalf of the Canadian National Railways, Sir Henry Thornton was not technically an employee of the company. Sir Henry Thornton's contract had run out on October 3, 1928, and it was not renewed until September 23, 1929.

Mr. HANBURY: That is not very good law.

Mr. MANION: I am not arguing about the law, I am simply pointing out that during that particular time when this country was committed for these tremendous expenditures, Sir Henry Thornton was not technically an employee of the company. His contract had run out and it was necessary that it be renewed. Sometimes I find myself asking this question: Was that used as a club over Sir Henry Thornton? My right hon. friend the leader of the opposition shakes his head rather emphatically, but he did not hesitate to impute sinister motives to us.

Mr. MACKENZIE KING: The minister is the only one who would think of that sort of thing.

Mr. MANION: It is a rather strange thing but Sir Henry Thornton was not again employed by agreement until long after the session of 1929.

This road has now been brought to a state of fitness from the standpoint of economical management and our desire is to keep it in that position. It will be easy for the board of trustees to do it if we get the right men.

I should like to point out one or two facts in connection with the arbitral tribunal. It seems to be thought that the arbitral tribunal is to be a continuing body, but it is not. The tribunal will be set up only upon the request of one of the railroads whenever there is a dispute between the two roads as to cooperation.

Mr. MACKENZIE (Vancouver): That is not the recommendation of the commission.

Mr. MANION: Oh, yes, I think so.

Mr. MACKENZIE (Vancouver): They went further.

Mr. MANION: I have not the time just now to argue it out but we can deal with it in committee. The purpose of the arbitral tribunal is to effect economy and to bring about more remunerative operations. That is the only purpose of the tribunal. It cannot do damage to the Canadian Pacific Railway and it cannot do damage to the Canadian National Railways, because its whole purpose will be to bring about cooperation to result in economies and more remunerative operations. Had an arbitral tribunal been in existence a few years ago with the same powers as are being given by this legislation to the present arbitral tribunal, there would have been no duplication of hotels at Halifax and Vancouver and there probably would not have been commenced that wild scheme of a

$50,000,000 passenger terminal in the city of Montreal, the total of those three items alone amounting to $63,000,000.

Another question I wish to deal with in hurrying along—

Mr. SPEAKER: The hon. gentleman's time has expired.

Some hon. MEMBERS: Go on.

Mr. MANION: I wish to thank my hon. friends for allowing me to go on for a few moments. They are returning the kindness we showed to some on their side and I appreciate it.

A number of different speakers, particularly the hon. member for Toronto West Centre (Mr. Factor) and the hon. member for Shelburne-Yarmouth (Mr. Ralston), stated that when the Canadian National Railways in 1923 went through the process of reorganization or coordination, or whatever the term was, they had been taken over in a dilapidated condition, and it was pointed out what wonderful work was done in coordinating these straggling nonentities into one system.

Some hon. MEMBERS: Hear, hear.

Mr. MANION: Let me quote the words of the hon. member for Toronto West Centre. He spoke of the responsibility—listen to this; it is rather good:

> The responsibility of joining disjointed, disconnected, dilapidated, insolvent and bankrupt lines of railways into one national system.

I thought this was rather effective from his own standpoint, and I found myself thinking of a remark made by a great gentleman of his own race about fifty years before he was born, Disraeli, who became prominent as a prime minister of England, who on one occasion spoke of Gladstone as being "intoxicated with the exuberance of his own verbosity." I wonder if my hon. friend had not been a bit carried away by his own verbosity. If not, he was certainly carried away to some extent by a lot of arrant nonsense, because those roads were not in any such condition as my hon. friend and many others have tried to make out and as has been reported in the press throughout Canada at various times.

Let me give some of the facts very briefly. In the first place the Intercolonial was then and is now a high-class railway. I do not think it is any better railway now than it was in the old days. The Grand Trunk railway was built in the fifties and was and has been throughout all these years one of our greatest railways running from Portland on the east through the southern part of Canada to Chicago on the west. The Transcontinental and the Grand Trunk Pacific have the finest roadbeds ever built in this dominion and the lowest grades through the mountains. In addition to that there was the Canadian Northern, which I have left to the last because there may be some criticism of it; but even that was not in anything like the condition my hon. friends painted. To prove I am not altogether wrong in my statement, I might as well quote one whom my hon. friends opposite always accept, and that is Sir Henry Thornton, who, to the regret of all of us, died recently. In the 1922 report of the Canadian National Railways signed by him, he made a few statements about the condition of the road, and I shall put them on record just for the sake of future discussion. He said:

> 1922 completes the four-year period of unified management of the former Canadian Government Railways and the Canadian Northern railway system.

Then he says:

> During the period the government has provided large sums of money for the physical improvement of these properties, for coordination facilities, for additional rolling stock and for branch line construction.

Then a little lower down:

> While the demands for capital expenditure on a system of such extent in a growing country, as the former board stated, are never ending, yet it may now be said that the three groups of lines, until recently the Canadian National Railways, enter the consolidation in excellent physical condition and operating at a high mark of efficiency as regards actual performance or movement of traffic and other factors controllable by management. Apart from certain well known cases of duplication the lines are well located and in exceptional position to successfully perform the transportation demands of the country.

A little further down:

> On some of the older sections there are still improvements that should be undertaken, but in the main the lines are modern in character and were built or have been brought up to standards which are ahead of actual traffic requirements, except under stress of seasonal movements.

He concludes:

> The whole reorganization has been accomplished with the best of good feeling generally prevailing, and I feel sure that the splendid loyalty which I found existing among the employees of the various lines now brought together is being rapidly transferred to the new administration and that enthusiastic and constant team work will be forthcoming from the great army of men in the system's employ.

That is signed by Sir Henry Thornton in April, 1923. Therefore the statements that the roads were in a dilapidated condition are absolutely beside the mark and untrue; the roads were in splendid condition, and while I am not trying to belittle anybody, they did

not require the work that some of my hon. friends state they did to coordinate them and to get them into splendid, first-class running shape.

Let me give another proof by pointing out the figures in regard to earnings. In 1922 the total earnings of the system amounted to $234,000,000. The highest figure ever attained was in the peak year, 1928, and it amounted to $305,000,000, so that there was not a very large gain in total earnings after hundreds of millions of dollars had been spent on the road.

Let me give some other figures. In 1923, the first year of coordinated management, the gross income of the national railway amounted to $253,000,000. In 1930, the last year in which my hon. friends opposite were in power, the gross earnings were $250,000,000, or practically the same figure. But the interest on the bonds in 1923 was $35,000,000, and in 1930, $54,000,000. As the net operating revenues in both years were the same with the exception of two million dollars, there was a deficit in 1930 of $32,000,000 against $15,000,000 in 1923, so far as paying interest to the investing public is concerned. I give that because those facts prove that the roads were in splendid earning condition, and also that the hundreds of millions of dollars spent upon the road and added to the capital cost were not giving an adequate return. That is all I wish to prove by that.

Mr. SANDERSON: I should like to ask the minister if he agrees with his chief, the Prime Minister, that the people of this country have no more equity in the Canadian National Railways?

Mr. MANION: My hon. friend can ask the Prime Minister that the next time he gets the chance. My leader is quite capable of taking care of his own statements.

Mr. SANDERSON: The hon. gentleman is Minister of Railways.

Mr. MANION: The trouble was that there was no check on the management of the Canadian National Railways either by the late government or by the late directors, and that is why the capital expenditures increased much more rapidly than the returns coming back to the national road. The hon. member for Shelburne-Yarmouth spoke of recapitalization, and while it would not have any material effect upon the Canadian National, there would be no particular reason against it. If my hon. friends will look at the report of the royal commission, they will find there the suggestion that the trustees deal with this question at the earliest possible opportunity.

I did not know until late this afternoon that I was limited to forty minutes and I had prepared some statements which I have in my hand, but I shall not take up much more time. In regard to amalgamation, it has been pointed out by the Prime Minister and myself that we intend to move an amendment to prevent amalgamation and to protect the railways in every possible way. It is the opinion of many railway experts that the amalgamation of these two roads would be too immense an undertaking for any one man to handle. I have a quotation from a former president of the Southern Pacific Railway of the United States who, when he was asked to increase his railway from 10,000 to 11,000 miles to 25,000 miles by the inclusion of another line, said that this would make an impossible proposal from the standpoint of proper administration. There would be a great danger of that in our own case. May I point out another danger in regard to the amalgamation of these roads? So far as we are concerned we are not in any way supporting amalgamation, because if you had amalgamation there would be the very great danger of a huge body of voters having political influence over any government, this government or any other. Let me tell a little story in that connection which will illustrate what I mean. When we suggested cutting down the salaries which were being paid to some of the officers of the system, salaries of very large proportions in times like these, for which the people of Canada had to dig down in their pockets and pay by way of taxation, we took the attitude with the late management, as we have taken it with the present management, that irrespective of whether or not these officers were really earning these salaries running up to $30,000 and $50,000 and $60,000, they were too high to be paid under present conditions. The directors themselves took that attitude, and one day after a meeting of the directors at which a number of them had been taking a strong attitude against the high salaries paid to some of the officers—it was recommended, for instance, that a salary of $30,000 should be cut to $18,000, and others in proportion—one of the directors when he left the room was approached by an officer high up in the railway service, not vice president but the head of a branch, who told him that if he were not careful he was going to get this government into trouble. "I want to advise you," this man said, "that you had better leave salaries alone, because if you interfere I have enough dynamite to blow that government up there to hell." It was not very elegant language, but those were his words, and I might add for the benefit of my hon. friend from Cartier that this man said

that he had enough dynamite to blow the late government also to the same place, and perhaps the Cooperative Comomnwealth Federation might think it a good idea if we were both there. However, that was the threat he made to one of the directors. I was told the story by a member of this house to whom the director had told it. I asked the director if it was true, and he said that it was. I said that that man should be dismissed by the directors, and let him set off his dynamite. It took about two months, and then the directors dismissed him, and there have been no explosions of any particular kind that I have heard since. I think that story illustrates the power which these huge organizations might exercise if they grow to too great a strength.

Mr. JACOBS: Was that official dismissed?

Mr. MANION: Yes, he was.

Mr. JACOBS: Perhaps he has gone to prepare a place for you.

Mr. MANION: I can only say in reply to my hon. friend that while he and I are of different religions I hope that we shall meet wherever we do go hereafter.

There was one other question with which I wanted to deal for a moment, and that was the alleged political colour of the royal commission. It was stated by some hon. gentlemen that the royal commission had a political tinge, a Conservative tinge. As a matter of fact, there were only two men on that commission who had ever been Conservatives. Three had been Liberals, and Lord Ashfield and Mr. Loree were from other countries than Canada. I mention that in passing because I think it is worth remembering.

In closing, I wish again to urge upon the house that when we go into committee on the bill we get back to a proper plane in discussing this measure. I admit that I have got a little off that plane myself, but my hon. friends opposite led the way, and I certainly was not going to permit them to make statements that were not correct. I should like to go back to the high plane on which the debate started, but if my hon. friends decide otherwise we shall stay on the plane we are now on, for I have not any fear of not being able to take care of myself. My hon. friends can take their choice, or as my hon. friend from Cartier would say: You pay your money and you take your choice.

There has been no objection to the principle of the bill; there have been objections to its details. In dealing with the details, let us try to cooperate. It has been suggested many times that you cannot have cooperation with competition. I believe that you could have the finest demonstration of cooperation with competition that has ever been given to this house if all three parties in this house competing for power would cooperate to put this bill through in the best possible manner. It would be a splendid example to give to the people of this country of cooperation with competition.

I say to labour that if a business revival takes place, as I have no doubt it will, it will mean the taking on of more men, not the laying off of men. It is the hope and belief of everybody who gives real thought to present day problems that a revival will take place. This country does not need to put up its shutters. It is only beginning its career; its greatness is only starting. This country can go forward with an optimistic attitude concerning its future, and I believe that in enacting this legislation into law we shall be laying the foundation which will make both the Canadian National and the Canadian Pacific greater roads than they have ever been in the past.

I repeat that when we get into committee we are ready, not necessarily to accept, as I have been quoted as saying, but to give fair consideration to and perhaps accept the suggestions of my hon. friends in regard to some of the details of the bill. If we cannot agree on the details, after all we can agree to disagree, and the government will be prepared to take the responsibility.

The house divided on the motion (Mr. Manion) which was agreed to on the following division: yeas, 120; nays, 65.

YEAS

Messrs:

Anderson (Toronto-High Park),	Carmichael,
Anderson (Halton),	Charters,
Arsenault,	Chevrier,
Arthurs,	Cotnam,
Baker,	Cowan (Long Lake),
Barber,	Dickie,
Baribeau,	Dorion,
Barrette,	Duguay,
Beaubier,	Dupré,
Belec,	Duranleau,
Bell (West Hamilton),	Edwards,
Bell (St. John-Albert),	Embury,
Bennett,	Esling,
Beynon,	Euler,
Bourassa,	Fortin,
Bourgeois,	Fraser (Cariboo),
Bowen,	Gagnon,
Bowman,	Ganong,
Boyes,	Garland (Carleton),
Burns,	Geary,
Bury,	Gershaw,
Cantley,	Gobeil,
	Gordon,

Hackett,
Hanson (Skeena),
Hanson (York-Sunbury),
Harris,
Hay,
Jacobs,
Johnstone,
Jones,
Kennedy (Peace River),
Laflèche,
Larue,
Laurin,
Lawson,
Loucks,
Lucas,
Luchkovich,
Macdonald (Kings),
MacLaren,
MacNicol,
McDade,
McGillis,
McGregor,
McLure,
Maloney,
Manion,
Moore (Chateauguay-Huntingdon),
Morand,
Mullins,
Munn,
Myers,
Neill,
Nicholson,
Peck,
Perley (Qu'Appelle),
Pettit,
Pickel,
Plunkett,
Porteous,
Power,
Price,
Quinn,
Robinson,
Rogers,
Ross,
Ryckman,
Ryerson,
Sauvé,
Shaver,
Short,
Simpson (North Simcoe),
Simpson (West Algoma),
Smith (Victoria-Carleton),
Spankie,
Speakman,
Spence,
Sproule,
Stanley,
Stevens,
Stewart (Leeds),
Stewart (Lethbridge),
Stinson,
Stirling,
Stitt (Nelson),
Sutherland,
Swanston,
Tétreault,
Thompson (East Simcoe),
Thompson (Lanark),
Tummon,
Turnbull,
Weese,
White (London),
White (Mount Royal),
Willis,
Wright.—120.

NAYS

Messrs:

Ahearn,
Beaubien,
Bertrand,
Blair,
Bothwell,
Bouchard,
Boulanger,
Bradette,
Brown,
Butcher,
Cardin,
Casgrain,
Coote,
Denis,
Desrochers,
Donnelly,
Dubois,
Dumaine,
Dupuis,
Elliott,
Factor,
Fafard,
Ferland,
Fiset, Sir Eugène,
Fontaine,
Fournier,
Fraser (Northumberland, O.),
Garland (Bow River),
Girouard,
Golding,
Goulet,
Gray,
Hall,
Hanbury,
Heaps,
Heenan,
Howden,
Hurtubise,
Irvine,
Jean,
King, Mackenzie,
MacInnis,
MacLean,
Macphail, Miss,
McKenzie (Assiniboia),
McPhee,
Malcolm,
Mercier (Laurier-Outremont),
Mercier (St. Henri),
Mitchell,
Parent,
Perras,
Reid,
Rhéaume,
Roberge,
St-Père,
Séguin,
Spencer,
Taylor,
Thauvette,
Totzke,
Veniot,
Verville,
Woodsworth,
Young.—65.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Bell (St. Antoine),
Black (Halifax),
Cahan,
Casselman,
Cowan (Port Arthur),
Ernst,
Gott,
Guthrie,
Kennedy (Winnipeg),
Lennox,
MacDonald (Cape Breton),
MacDougall,
MacMillan (Saskatoon),
Matthews,
Murphy,
Perley, Sir George,
Rhodes,
Rowe,
Senn,
Smith (Cumberland),
Smoke,
Spotton,
Stitt (Selkirk),
Sullivan,
Weir (Melfort),
Wilson,
Raymond,
Dubuc,
Rinfret,
Howard,
Ilsley,
Gardiner,
Rutherford,
Lapointe,
McIntosh,
Pouliot,
Urquhart
Deslauriers,
Mackenzie (Vancouver),
Moore (Ontario),
Stewart (Edmonton),
Marcil,
Ralston,
Lacroix,
Sanderson,
Duff,
Cayley,
Hepburn,
Weir (Macdonald),
Brasset,
Motherwell,
Vallance.

Mr. SPOTTON: I was paired with the hon. member for West Elgin (Mr. Hepburn). Had I voted I would have voted for the motion.

Mr. BELL (St. Antoine): I was paired with the hon. member for Beauharnois (Mr. Raymond): Had I voted I would have voted for the motion.

Mr. WILSON: I was paired with the hon. member for South Battleford (Mr. Vallance). Had I voted I would have voted for the motion.

Mr. SANDERSON: I was paired with the hon. member for Haldimand (Mr. Senn). Had I voted I would have voted against the motion.

Mr. MACKENZIE (Vancouver): I was paired with the hon. member for Saskatoon (Mr. MacMillan). Had I voted I would have voted against the motion.

Mr. HOWARD: I was paired with the hon. member for Grenville-Dundas (Mr. Casselman). Had I voted I would have voted against the motion.

Mr. WEIR (Macdonald): I was paired with the hon. member for Selkirk (Mr. Stitt). Had I voted I would have voted against the motion.

Mr. McINTOSH: I was paired with the hon. member for Winnipeg South Centre (Mr. Kennedy). Had I voted I would have voted against the motion.

Mr. ROWE: I was paired with the hon. member for Beauce (Mr. Lacroix). Had I voted I would have voted for the motion.

Mr. GOTT: I was paired with the hon. member for Kent, Ontario (Mr. Rutherford). Had I voted I would have voted for the motion.

Mr. SMOKE: I was paired with the hon. member for South Oxford (Mr. Cayley). Had I voted I would have voted for the motion.

Mr. BLACK (Halifax): I was paired with the hon. member for Chicoutimi (Mr. Dubuc). Had I voted I would have voted for the motion.

Mr. MacDONALD (Cape Breton South): I was paired with the hon. member for Colchester (Mr. Urquhart). Had I voted I would have voted for the motion.

Mr. DESLAURIERS (Translation): I was paired with the hon. member for Inverness (Mr. Macdougall). Had I voted I would have voted against the motion.

Mr. POULIOT (Translation): I was paired with the hon. member for North York (Mr. Lennox). Had I voted I would have voted against the motion.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Hackett in the chair.

On section 1—Short title.

Mr. MACKENZIE KING: I understood the minister to say last night that when the second reading was carried we would take up other bills.

Mr. MANION: I think the right hon. gentleman misunderstood me. I said when the bill was finished—I meant concluded. I noticed my remarks did not seem to be interpreted that way, although they were really humorous at the time. May I suggest that we might deal with clauses which are not controversial? My right hon. friend misunderstood me.

Mr. MACKENZIE KING: Hansard will show that the minister said we would take up other bills.

Mr. MANION: Yes, if we were finished with this one.

Mr. MACKENZIE KING: When we were finished with the second reading.

Mr. MANION: No, I did not say that.

Mr. MACKENZIE KING: Read the record and see what it says.

[Mr. McIntosh.]

Mr. MANION: Here are the exact words. The right hon. gentleman asked: "I assume we will continue to-morrow with this debate," and I said, "Yes, and should we get through we will go on with some of the other bills." I meant that if we got through this bill we would go on with some of the others.

Mr. MACKENZIE KING: I submit the minister could not have meant that at all. We were talking about the debate on the second reading. The minister could not possibly have meant that he would go on with this bill in committee.

Mr. MANION: The right hon. gentleman cannot say what I meant; I know what I meant. I meant we were going to continue with this bill, and the rest of my remark was merely jocular, because there was no possible chance of finishing this bill to-day. I meant we would go into committee of the whole. Members on this side and from other sections of the house have asked me, and I said we were going on with it.

Mr. MACKENZIE KING: There are some hon. members on this side of the house who are not here to-night to whom I gave the assurance that the minister had said we would not go on further with the bill. However, if he wishes to go on, well and good. But I submit that is not a fair way to treat the house.

Mr. MANION: I object to the right hon. gentleman's last remark. If he misunderstood me, very well; I admit my language was not altogether clear, but he has no right to state that I treated the house unfairly. I am just as fair in my treatment of the house as he has ever been. I resent any such suggestion.

Mr. MACKENZIE KING: May I say my remark just made has reference to the statement the minister gave to the house as it appears on Hansard. I quote from page 3048:

> Mr. Mackenzie King: I assume we will continue to-morrow wth this debate?
> Mr. Manion: Yes, and should we get through we will go on with some of the other bills.

On that record the minister is not treating the house fairly if he insists on proceeding in committee at the present time.

Mr. MANION: I have suggested to the right hon. gentleman that we should deal with no clause that he or any of his party object to. Surely I could not be fairer than that. I admit my words are open to misunderstanding, but I tell my right hon. friend that neither I nor the government thought of anything else.

I have no desire to quarrel with the right hon. gentleman about it, but I see no reason why the right hon. gentleman should object to dealing with any clause that is not controversial.

Mr. VERVILLE (Translation): Mr. Chairman, I requested a copy in French of the bill under discussion and until I have received it, may I ask that the debate be postponed. I trust that the discussion will not be resumed until my request has been granted as I wish to understand what it is all about. I am informed that there are no more French copies.

Mr. MANION: Mr. Chairman, since there seems to be a misunderstanding I gladly move that the committee rise and report progress.

Mr. VERVILLE (Translation): I wish to thank the Minister of Railways.

Progress reported.

EXCHEQUER COURT ACT

JURISDICTION RESPECTING VISITING COMMONWEALTH FORCES

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 44, to amend the Exchequer Court Act (exclusive jurisdiction).

Mr. CASGRAIN: Mr. Chairman, I would like to ask the hon. Minister of Justice if he has received communications from the bar of the province of Quebec and the Attorney General of Quebec?

Mr. GUTHRIE: My friend has the wrong bill. This is an innocuous measure complementary to the bill we introduced a few days ago with regard to visiting commonwealth forces.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Hackett in the chair.

On section 1—Exclusive original jurisdiction.

Mr. MACKENZIE KING: The minister gave a short explanation at the time he introduced the bill. Perhaps he would say a word as to the significance of this section.

Mr. GUTHRIE: This bill is framed to give jurisdiction to the Exchequer Court of Canada in respect to visiting forces of the army, navy or air force of the mother country or any of the self-governing dominions which may in future be in Canada as visitors. At the present time there is no court in Canada clothed with jurisdiction in regard to such forces. During the present session a bill has been submitted, and stands on the order paper for further consideration in committee, to regulate the conduct of visiting forces while in Canada. That bill results from the Statute of Westminster. Some court should have jurisdiction in regard to such forces, and the proposal in this bill is to give the exchequer court that jurisdiction, to deal with writs, cases of capias or mandamus or other cases of that nature which may arise. Otherwise none of our courts would be clothed with the appropriate jurisdiction.

Mr. ELLIOTT: Does this make any change in the law as it is at present as to applications for a writ of habeas corpus, for instance?

Mr. GUTHRIE: No, no change.

Mr. ELLIOTT: As to where those applications may be made, must it be to the exchequer court here in Ottawa, or can they be made in any of the county towns as in ordinary cases of habeas corpus?

Mr. GUTHRIE: This is not the ordinary writ of habeas corpus; it is habeas corpus ad subjiciendum, in other words, bring forth the body and submit, or submit to the jurisdiction of the court. I assume that applications for such a writ in regard to these forces would have to be made to the Exchequer Court of Canada in the future as the only court having jurisdiction.

Mr. ELLIOTT: Would that mean that the application would have to be made in the city of Ottawa?

Mr. GUTHRIE: Wherever there is a judge; it would not necessarily have to be made in Ottawa. The exchequer court judges are often away from Ottawa.

Mr. ELLIOTT: But are they? I think as a general rule they sit in Ottawa, not in different places as do the judges of assize and other judges.

Mr. GUTHRIE: No, the exchequer court is in the nature of a travelling tribunal. It sits in the chief cities all over Canada, as the judge may determine for the convenience of parties.

Mr. ELLIOTT: Very seldom.

Mr. GUTHRIE: No, quite frequently. The president of that court, I think, sits in every province in the course of the year. He is now planning a trip to the west to hear a large number of cases. It is in that way a travelling

tribunal for the convenience of the public, though I think the majority of cases are heard here.

Mr. CARDIN: I am afraid that does not apply to the initiation of proceedings. The judge travels to hear a case, but not to initiate proceedings.

Mr. GUTHRIE: No, I was referring to the hearing of a case.

Section agreed to.

Section 2 agreed to.

Bill reported.

SOLDIER SETTLEMENT ACT

Hon. W. A. GORDON (Minister of Immigration and Colonization) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to amend the Soldier Settlement Act to provide for the remission of interest in certain cases and the application of payments made to reduction of principal indebtedness; and for additional credit on payment of arrears or instalments; the removal of the lien on the equipment of soldier settlers; and for the application of certain of these provisions to British family settlers by consent of the British government.

Some hon. MEMBERS: Explain.

Mr. COOTE: I wonder if the minister would be good enough to explain.

Mr. GORDON: Perhaps I could explain it better in committee, but if hon. gentlemen would like the explanation now I can give it. The bill to be founded upon this resolution is remedial in its character with respect to soldier settlers and others owning land or under contract to purchase land the title to which is at present in the crown.

The first part of the resolution refers to the remission of interest. In the bill founded upon the resolution it will be proposed to remit the interest accruing for the twelve months immediately preceding the standard date as determined and interpreted by the statute. In order to avoid the error that arose in connection with the thirty per cent reduction, for the sake of those who have paid their interest it is proposed that credit be given in such cases by a reduction of the principal indebtedness.

The remainder of the resolution has to do with extending credit, dollar for dollar, for the years ending with the standard dates in 1927 to those who pay the whole or part of the instalments falling due during those years.

[Mr. Guthrie.]

Hon. members will remember that in 1930 the interest was spread, so this bill will deal from the period from 1932 to 1937.

Mr. NEILL: Will the minister say a word about the British settlers?

Mr. GORDON: I presume the hon. member for Comox-Alberni has reference to what is known as the three thousand family scheme. The bill founded upon the resolution will make reference to the situation of those settlers and will indicate the course to be followed by the government in the event of the agreement under which these settlers came to Canada being changed, which of course would have to be with the consent of the British government. It is contemplated that appropriate representations will be made in order to secure that end.

Mr. REID: Will there be anything in the bill to take care of those soldiers who have purchased under the soldier settlement board during the last six or seven years, and who do not come under the original act?

Mr. SPEAKER: I would remind hon. members that the house is not in committee.

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

Mr. REID: I should like to ask the minister if he can answer the question I just asked, whether it is intended to do anything for those soldiers who have purchased land during the last seven or eight years, and who do not come under the original scheme. There are many returned men, as the minister knows, who have purchased land under the soldier settlement board and who are in great difficulties.

Mr. GORDON: Those cases will be provided for in the legislation.

Mr. GARLAND (Bow River): What is implied in the words "the remission of interest in certain cases"?

Mr. SPEAKMAN: I was going to ask the same question. Is this to be a general act covering all cases or is it to cover only certain cases?

Mr. GORDON: The act will provide for the remission of interest charges which accrue during the twelve months immediately preceding the standard date in 1932.

Mr. SPEAKMAN: For every soldier settler?

Mr. GORDON: Yes, with the exception of persons falling under the agreement between

His Majesty's Secretary of State for the Dominions and the government of Canada, which has reference to the three thousand family scheme. As I indicated a moment ago, the legislation founded upon the resolution will show the course the government will follow with respect to these settlers. The matter will be taken up with the British government in order to obtain their consent to the application of these remedial measures to the settlers, and to have the cost apportioned as the agreement contemplates in other cases.

Mr. SPEAKMAN: What I had in mind was whether this was to be a general act covering all settlers or whether it was to be discretional, to apply only in certain cases. I understand, however, that it is a general remission.

Mr. GORDON: Yes.

Mr. SPENCER: Can the minister give us the number of settlers under the three thousand family scheme who have returned to the old country? I should like to know what percentage made good in Canada and what percentage returned to England.

Mr. GORDON: I am afraid I have not those figures, but I believe such an analysis could be made. In all probability I could have that done by the time the item in the estimates comes up for consideration, and I will give the information at that time, unless it is necessary that the hon. member have it now.

Mr. NEILL: I cannot understand where there is any advantage in introducing legislation in this roundabout way whereby we are forced to discuss a resolution couched in very vague terms instead of having a bill before us which we could discuss intelligently. Presumably there must be some purpose in bringing in legislation in this vague way and presumably there is some sort of a mantle of secrecy over the legislation until it is discussed in committee. This is the sixteenth of the month and under date of the tenth this was all published in the British Columbia papers at far greater length than the minister is giving it to-night. Does the minister think that that is a desirable custom to have in effect?

Mr. GORDON: I do not read the British Columbia papers.

Mr. NEILL: Shame!

Mr. GORDON: I have not had an opportunity to see what they said about the legislation. There is one thing certain, they never got their information from me. Sometimes the newspapers are good guessers but I can assure the hon. member for Comox-Alberni (Mr. Neill) that I have not followed any circuitous route in bringing this resolution before the committee. The subject matter of this resolution has been given very earnest study by those charged with the administration of the act, and it is hoped that it will meet with general approval among the settlers. There is nothing further from my mind than to cloud this matter in mystery, as is suggested. I really cannot understand where the newspapers got their information.

Mr. NEILL: The resolution is essentially vaguely worded as compared with the definite language which would be used in a bill. I am not complaining of that, I simply say that presumably there must be some useful purpose to be served by this method. Why was this information given out to the British Columbia newspapers to a fuller extent than we have had it to-night? The papers published this information on the tenth, but it would have to come from Ottawa, so it must have been given out before that date. I suggest that there must have been a leak somewhere. I am not blaming the minister but I do contend that the information published could not have been based on a guess because it was a very definite statement. If the minister is satisfied I do not suppose I need worry, but it does not seem to be a desirable thing to have information leak out through the press before it is given to the House of Commons.

Mr. BOTHWELL: Quite a number of soldier settlers are not residing upon the land which they took up under the act but still have an equity therein. I should like to know if any easement is being provided by this bill to take care of such cases.

Mr. GORDON: I imagine that would be purely a question of adjustment between the soldier settler who had sold the land and the soldier settler who was on the land. The debtor to the government would be the settler now upon the land.

Mr. BOTHWELL: That hardly answers my question. The situation in the west is that many of the men on the land have not been able to make their payments to the soldier settlement board. The soldier settler who has an equity in a piece of land sees that equity gradually vanishing. I have one case in mind where a soldier settler has an equity of $2,000 in land that has been sold to another party under the tripartite agreement. The purchaser

of that land has not been able to make his payments to the board and interest is accruing. The soldier settler is not actually upon the land and I want to know if he will be taken care of by this legislation.

Mr. GORDON: This legislation will remit the interest accruing in 1932 under the contract. So far as the board is concerned the equity will be paid to the original settler as soon as the tripartite settler completes his contract.

Mr. ELLIOTT: Could the minister give the committee an idea of the amount of accrued interest now due and the amount proposed to be remitted under this bill? Is it proposed to remit all interest that has accrued or, if not, what part?

Mr. GORDON: It is proposed to remit all the interest for the twelve months immediately preceding the standard date in 1932. Hon. members will remember that there is a standard date for both western Canada and eastern Canada. For the twelve months prior to the standard date in 1932 the interest will be remitted to all those who have not paid. Those who have paid interest during 1932 will be placed in equation with those who have not paid by having an appropriate amount credited upon their contracts.

Mr. ELLIOTT: That is upon the principal?

Mr. NEILL: The resolution reads:

—and for additional credit on payment of arrears or instalments;

That is the dollar for dollar credit to which the minister alluded. Would that apply to the payment of interest also, or will they have to pay the interest due after this year in full?

Mr. GORDON: Any payment made after this year and until the standard dates in 1937 will be credited at the rate of two dollars for every dollar paid. As hon. members will recall, these payments are amortized and it does not matter whether it is interest or principal, they will get credit no matter what they pay.

Mr. NEILL: Are they charged interest upon the past due amortized payments?

Mr. GORDON: That is interest upon interest?

Mr. NEILL: Yes.

Mr. GORDON: I am not sure of that point.

Mr. NEILL: Would they get dollar for dollar on that?

Mr. GORDON: They will get dollar for dollar on anything they pay during those years.

Mr. McINTOSH: What is the standard date for western Canada?

Mr. GORDON: October 1 for western Canada, and November 1 for the provinces lying east of Manitoba.

Mr. McINTOSH: Do I understand that the remittance of interest for 1932 will date back twelve months from that standard date? What about the principal that is owing?

Mr. GORDON: If the hon. member will recollect, the interest is joined to the principal, if I may put the matter in that way. As regards anyone indebted under contracts or agreements made prior to January 1, 1933 if payments are made in respect of arrears, or of any instalment due up to and including the standard date in 1936, the soldier settler will be credited with double the amount of the payment.

Mr. McINTOSH: There are quite a number of soldier settlers not only in the riding of North Battleford, but clear across northwestern Canada. May I ask the minister if he understands the objective to which the different locals of the soldier settlers in these different areas are directing their efforts?

Mr. GORDON: Who is the head of the organization?

Mr. McINTOSH: There are different locals and a head to each one. I do not think there is any official head of them all. There is a president and a secretary for every local.

Mr. GORDON: Does my hon. friend refer to the soldier settlement unions?

Mr. McINTOSH: Yes.

Mr. GORDON: Their propositions were received by the director.

Mr. McINTOSH: That is the point to which I am coming. I understand the department over which the minister presides was endeavouring to find out the minimum objective of these soldier settler unions that have been organized right across western Canada for a set purpose, that is to try to find out how they could reasonably remain on the land. In organizing themselves towards this end and in coming to definite conclusions in regard to how they could remain on the land, they worked out one or two main objectives. One was that if they were going to remain there under existing conditions of low prices with farms bought at inflated values

and with large sums of principal and interest owing, there would have to be either a total cancellation or a fair adjustment of interest from 1929. If I understand correctly the attitude of the soldier settler unions, they want no interest charges added from 1929 and in their opinion any interest paid between 1929 and 1933 ought to be allowed on the principal, but they definitely state that no interest should be added to the principal accruing from 1930 on, that is from the last revaluation of the soldier settlers' lands. If the department is allowing only a rebate of interest for a year, this is not meeting the viewpoint of the soldier settler unions, and I do not think the legislation will go far enough. I thought it of importance to bring this point before the minister at this time in order to see if he could not try to meet the desires of these men who served their country at such small cost to us, who were overseas for years fighting the battles of Canada, who then came back, bought land at distorted values and are now up against a serious proposition in endeavouring to hold land which they desire to retain and to hand on to their dependents.

Mr. GORDON: What the hon. member has just said has of course been under my review and from the facts that I have been able to gather, perhaps the hon. member is seeking for the soldier settlers more even than they want themselves. I was well aware that Mr. Price, the gentleman to whom reference has been made, was president of the soldier settlers' union, and on behalf of a very large body of soldier settlers on the land representations have been made by the unions from time to time to the department. Those representations have all been taken into consideration and a number of conferences have been held throughout not only western but eastern Canada making a general review of the situation in the light of present conditions as well as in the light of the situation in which the soldiers generally find themselves. When I say that the hon. member asks more than the soldier settlers union itself asks, probably he would not urge the proposition he has just outlined. In order to make the position clear, may I read a letter which I received from Mr. Price, president of one of the unions, under date of February 14, 1933.

Mr. McINTOSH: May I ask what is Mr. Price's local?

Mr. GORDON: The hon. gentleman knows who he is. He is Mr. H. J. Price, the man to whom I referred a moment ago.

Mr. McINTOSH: I am not clear as to his district.

Mr. GORDON: He is president of the soldier settler union and the letter is dated from Saskatoon.

Mr. NEILL: Union of Saskatchewan?

Mr. GORDON: Yes. It reads:

Dear Mr. Gordon:

I have spent the day discussing with Mr. Magladery, General Ross—

That is Judge Ross, I believe, of Yorkton, Saskatchewan, who is very deeply interested in the welfare of the soldier settlers and the soldiers generally.

—soldier settlers, and representatives of the board, the problems of the settlers and, as a result, we submitted certain conclusions for your consideration. The submissions are generally satisfactory to the delegates who have attended the conference to-day, and I believe will meet the situation.

If you can see your way clear to implement these recommendations by legislation, I will undertake to recommend to the soldier settlers' unions that, barring any unforeseen calamity not at present within our contemplation, the unions should refrain from making any further representations on matters of policy in connection with soldier settlers during the currency of the arrangements which are now recommended to you. I have no doubt that the soldier settlers' unions will accept my recommendation in this regard.

Yours faithfully,

H. J. Price,
President, Soldier Settlers' Union.

The recommendations that Mr. Price has reference to in that letter are incorporated in the legislation that will be founded upon this resolution.

Mr. NEILL: The union refers apparently to Saskatchewan.

Mr. GORDON: I believe it includes some parts of Alberta.

Mr. NEILL: In the district that I represent there is a settlers' association of that nature and they kept aloof from that union because they were not satisfied with the proposals put forward by it. Not anticipating that this matter was coming up to-night, I have not my papers with me, but my recollection is very definite that they went on record they would be satisfied with nothing less than a total remission of past interest, that is, I presume, since the date of the last adjustment of 1930. They said that it was no use beating about the bush or pretending to be able to pay something they could not pay, and conditions were such that they were reluctantly compelled, not perhaps to demand, because we do not demand from the government, but to submit that the only acceptable

arrangement, acceptable because there was a possibility of its being carried out, would be a total remission of interest. I have a very definite request from them to that effect. The minister says, and says truly, that these payments are all by way of amortization. A man does not owe $100 and pay 8 per cent interest; he pays a sum capitalized or amortized over twenty-five or thirty years. The minister says that he is going to rebate the interest. Will it not be a very complicated thing to arrive at the interest for any specific year? How is the settler to know to what rebate he is going to be entitled?

Mr. GORDON: I am told that there will be no difficulty in identifying the interest for 1932, because that is separated in the ledgers. With respect to the following years, the act makes provision for a credit of one additional dollar if one dollar is paid. If he pays one dollar, he gets credit for two. It is putting a premium on thrift rather than otherwise.

Mr. GARLAND (Bow River): The minister has made it clear that there is to be a remission of interest from 1932, and the resolution says, "and the application of payments made to reduction of principal indebtedness." Is that payments of interest made? I presume it would be, because it is all in the one sentence.

Mr. GORDON: If the 1932 interest was paid by any settler, then in order to bring his position to an equality with those who did not pay but whose interest was remitted, the payment of those who did pay is credited upon their payments falling due.

Mr. GARLAND (Bow River): When the interest is credited, does the man also get an additional one dollar credit?

Mr. GORDON: No. For the one class the interest is remitted because it was not paid for 1932. As regards the other class who paid the interest, the person under the contract gets credit on his payments generally.

Mr. GARLAND (Bow River): Just to the amount of the interest?

Mr. GORDON: For that year.

Mr. GARLAND (Bow River): To the amount of the interest only?

Mr. GORDON: For that year.

Mr. GARLAND (Bow River): The additional credit on payment of arrears or instalments of arrears—that is the dollar added to the dollar—applies in the future and only on principal payments? Is that correct, or does it apply also to interest?

[Mr. Neill.]

Mr. GORDON: It applies to both interest and principal payments.

Mr. GARLAND (Bow River): To all payments?

Mr. GORDON: To payments made from March 31, 1933 to March 31, 1936. Wherever a payment of one dollar is made, whether on principal or on interest, the settler gets credit for two dollars.

Mr. McINTOSH: The Minister has quoted the point of view of Mr. Price. Is Mr. Price the president of the Saskatoon local of the settlers' union, or just what position does he occupy?

Mr. GORDON: He signs himself, president of the soldier settlers' union.

Mr. McINTOSH: That may be the soldier settlers' union for the district of Saskatoon, but that is only one local of the soldier settlers' union. I understand that there are fifty locals of the soldier settlers' union organized in northern Saskatchewan and elsewhere, and I do not think the point of view of these fifty locals is the same as that presented through the minister by the locals stated. I did not know this matter was coming up today and there is some information I have not at my disposal, but I have a letter here from H. S. Clarke, the secretary of the North Battleford local. He farms a short distance from North Battleford. He met the commissioner and General Ross when they went out west last fall to meet the soldier settlers and conferred at Lloydminster, Saskatoon, North Battleford and other places.

Mr. GORDON: I see that Mr. Price gives his address as Lloydminster.

Mr. McINTOSH: Then that would be the Lloydminster local he was speaking for. What I want to point out is this, that the North Battleford local, I presume, is working in harmony with all the other locals, and therefore I am wondering at the discrepancy between the point of view presented by the minister and Mr. Clarke's conception of the question. Mr. Clarke says:

> Our aim is that the debt be as it stood at the time of revaluation in 1929, and no interest charges be made from that date. Any moneys paid in since to be applied to principal only.

If Mr. Clarke has the right slant on this question, then the statement I made previously is sound, that the department is not going as far as I anticipated to meet the wishes of the soldier settlers, and I am wondering if the limits set by the resolution

are going to be strictly adhered to by the minister and his department. I rather hope not. I would like to see the minister and the department take as favourable a view of the whole situation as possible.

Mr. SPEAKMAN: I shall reserve most of what I have to say until the bill is before us. Did I understand the minister to say that this remission of interest would be from the standard dates in 1932 onward to 1937, for a period of five years, or just for one year?

Mr. GORDON: The interest is remitted for one year. That refers to the interest accruing under the act during the twelve months immediately preceding the standard date in 1932.

Mr. SPEAKMAN: So interest is due on present payments? It is just remitted upon arrears?

Mr. GORDON: It is the interest for the twelve months that have passed. If those interest charges have been paid, the person paying them gets this credit applied on principal. The hon. member for North Battleford will probably remember that when the thirty per cent horizontal reduction was made in May, 1930, just near the end of the spring session—

Mr. SPEAKMAN: In the last week of the spring session.

Mr. McINTOSH: That was the date.

Mr. GORDON: The arrears of interest were spread at that time, and the interest that is being remitted entirely is from the standard date in 1931 to the standard in 1932. That is remitted, washed out, and those who paid are given credit for an amount equal to the payments they made. From that time on anyone who pays a dollar gets credit for two dollars.

Mr. GARLAND (Bow River): I am going to ask the minister, when he introduces the bill, to bring down to the house details showing the total cost of administration of the Soldier Settlement Act from the beginning to date; the total cost to the country of the revaluation of stock and equipment; the total cost of the revaluation of land; and after adding all those together I would ask the minister to tell the house whether he has ever thought of the advisability of giving the land to the settlers who still have a slight equity in it and wiping out the whole settlement scheme once and for all.

Mr. NEILL: I am asking for information, not seeking to delay the minister. Will this resolution, or the bill founded upon it, apply to settlers who, so to speak, have followed up the original settlers?

Mr. GORDON: It does apply to them.

Mr. NEILL: My other question is this: The resolution contains the expression, "the removal of the lien on the equipment of soldier settlers." Does that mean that the lien will be wiped out or turned on to the land?

Mr. GORDON: The amount of money secured by the lien will not disappear, but the lien will be removed the same as it was removed some time ago on stock and equipment.

Mr. NEILL: It still adheres to the land?

Mr. GORDON: Yes.

Mr. McINTOSH: There is one further question I should like to ask the minister before the bill is brought down. At that time I shall have something more to say. What about the soldier settler who year after year for many years has paid to the board his principal and interest and then, just a limited number of years before his principal and interest is paid, passes out, or goes west? What about the dependents of that man? Will the department modify the legislation in any way so that the property will pass into the hands of the dependents? Because if the money is not paid, and the breadwinner is taken away, they would have to leave their farms and lose all their holdings.

Mr. GORDON: I assume the hon. member is referring to the interests of a deceased soldier settler.

Mr. McINTOSH: Yes.

Mr. GORDON: As I understand it, the interest of the deceased in the land devolves upon his dependents and is administered by the estate. Whether or not there are cases where the estate is not able to administer them and suffers hardship, I do not know. There may be such cases.

Mr. McINTOSH: I think the average soldier settler is fearful of that condition arising. He feels that if death comes there will be nothing left for those remaining.

Mr. GORDON: Nothing left?

Mr. McINTOSH: Nothing left, if something is not done to save the estate for those who are left.

Mr. SPENCER: I believe when the minister was considering bringing down this legislation an opportunity was given to soldier settlers to place their views before him. I should like to ask to what extent the present legislation is in line with their wishes.

Mr. GORDON: The present legislation is not in line with the original view of some of the soldier settlers. A number of them wanted the whole debt wiped out. In fact, I believe some of them asked the return of money they had paid. Of course those differences had to be the subject of conferences, investigations and exchange of views. All the various possibilities of legislation of this type had to be considered. In the main these settlers do not want to be legislated into ownership. The final result was that the legislation drafted as nearly as possible conformed to the views of the majority. I have no doubt in the world there are those who will not be satisfied and, although I am an optimist, I never expected that we could satisfy everybody. I do say however that, in my judgment, as a remedial measure the proposed legislation does deal equitably with the soldier settlers throughout Canada, and others holding contracts with the government. An effort has been made in framing the legislation to see that a penalty is not imposed upon other soldiers, because it must be remembered that soldier settlers represent less than three per cent of the Canadian expeditionary force. There are many soldiers in Canada to-day who are not on land and who are in the same difficulties in which many of us find ourselves. I make the statement, believing it to be true, in the relative sense at any rate, that there are many soldiers who are not in the preferred position that the soldier settler is in, and who have not had the advantage of residing upon lands for the last thirteen or fourteen years. Having that in mind, and also the position of other land owners in the various provinces where different legislative enactments have been passed or are contemplated, the government felt that the best course to follow was to deal with the soldier settlers and others holding lands from coast to coast in the way indicated in the resolution, and which will be set out in greater detail and accuracy in the bill to follow.

I do not believe that the horizontal reduction was at all sound. I cannot help but think it was put through in a hurry, and that at the time consideration was not given to the effect it might have. The effect was not an equitable distribution. I think in so far as it is possible this bill will bring about equitable distribution. Then, again, the government do not deem it desirable to enter into any such agreements as were entered into with respect to taxes and things of that character. They were not universal or dominion-wide in their application. That was hurriedly done; the so-called agreement was hurriedly entered into. I do not say this in a spirit of ultra-criticism of those who had charge at the time, but in my estimation it was hurriedly done and did not extend to all those under the act the benefit of the so-called agreement. As a matter of fact it applied only to the three western provinces, and was entered into when there was before the then soldier settlement board the opinion of the Department of Justice that it was illegal to do it. I have no doubt it was illegal. I say it was hurriedly entered into in the late spring or early summer of 1930, that it was not a wise procedure to take and has not worked out well. It has given endless trouble; it has taught many settlers to disregard their responsibility to their municipalities, and rendered the position of those municipalities almost hopeless so far as collecting taxes is concerned. Some of the settlers do not consider that municipal taxes are obligations which they should take seriously. I say that with great frankness, because that was one of the results achieved by the so-called tax agreement.

Mr. SPENCER: I understand that owing to poor prices for crops last year the soldier settlers had great difficulty in meeting their one-third crop payment. Is an attempt now being made to collect one-third, or is it being dropped to one-fourth?

Mr. GORDON: In accepting a portion of the crop the director endeavoured to conform to the practice and the law in the various provinces. The provinces would adopt one-third or one-fourth or some other fraction, and the director endeavoured to conform. But the practice now is to accept one-fourth or less, regardless of whether or not the province asked for more.

Mr. NEILL: A lot of these men will have payments coming due for the next ten years, say. The credit of $2 where he has paid $1 applies only for five years. Suppose by some miracle he gets some money—he will not get it out of the land, but his mother-in-law might die—will he be allowed to pay in advance in order to get this $2 for $1?

Mr. GORDON: He can prepay for one year.

Mr. NEILL: One year at a time.

Resolution reported, read the second time and concurred in. Mr. Gordon thereupon moved for leave to introduce Bill No. 45, to amend the Soldier Settlement Act.

Motion agreed to and bill read the first time.

On motion of Mr. Bennett the house adjourned at 10.56 p.m.

Friday, March 17, 1933

The house met at three o'clock.

PRIVATE BILL

FIRST READING

Bill No. 51, to incorporate Devonshire Jockey Club.—Mr. Morand.

BANKRUPTCY ACT AMENDMENT

Mr. JOSEPH JEAN (Maisonneuve) moved for leave to introduce a bill to amend the Bankruptcy Act.

Some hon. MEMBERS: Explain.

Mr. JEAN: The object of this bill is to provide for a joint superintendent of bankruptcy who will be familiar with both official languages as well as with the civil laws of the province of Quebec. Representations have been made that the administration of the act as amended last year would be more effective if such an officer were appointed, and that is why I introduce this bill.

Mr. GUTHRIE: There is a point of order to be raised in connection with the introduction of this bill because if it proposes that a charge shall be made upon the revenue, it would be out of order.

Mr. JEAN: I do not think there is any charge upon the revenue as the bill provides that the salary to be paid to the joint superintendent shall be subject to the approval of parliament. The act as amended last year provides that the salary and expenses of the joint superintendent shall be paid by the revenues obtained under the act. A special assessment is made upon every bankrupt estate to pay these expenses and I do not think an appropriation would be required.

Mr. SPEAKER: I think the point of order is well taken. The bill provides for the appointment of an official and would therefore entail a charge upon the revenue. Such legislation can be introduced only by a minister on the approval of the crown.

UNEMPLOYMENT RELIEF

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, on behalf of the members for greater Vancouver I should like to ask of the Minister of Labour (Mr. Gordon) a question based upon a telegram sent by the mayor of the city of Vancouver. I informed the minister's office this morning that I would ask this question. The telegram is very brief and perhaps I might read it. It reads:

> Critical condition exists in Vancouver due to inadequacy of relief scale as allowed by provincial government to meet shelter. Wholesale evictions involving hundreds of families under way resulting in increasing threatening condition.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the hon. member should not read that telegram.

Mr. MACKENZIE (Vancouver): Then I shall ask my question based upon the substance of the telegram.

Mr. BENNETT: I am raising a point of order. The other day Your Honour at the instance of the leader of the opposition (Mr. Mackenzie King) very properly directed attention to the fact that to read a telegram in this house is to indicate what may or may not be true. In many instances telegrams have been read which doubtless the hon. members reading the telegrams believed to be true but which upon investigation were found to contain absolutely improper and incorrect statements of fact. To spread upon Hansard a statement which an hon. member does not know of his own knowledge to be the fact is to introduce into this house another member. That member is making a statement when not actually a member of the house. I object to the reading of this telegram because to do so is contrary to the rules.

Mr. MACKENZIE (Vancouver): On the point of order, may I point out to my right hon. friend that the point of order raised the other day by the leader of the opposition was entirely different. He spoke of a telegram received by the right hon. gentleman which referred to certain proceedings of this house. If I am not to be permitted to read the telegram, I shall incorporate its contents in my question to the Minister of Labour. Surely when an emergent condition exists in one of the large cities of Canada and when a telegram is addressed by the mayor of that city to all members irrespective of party, it is a matter of which this house should take notice.

Mr. SPEAKER: Whether or not it is from the mayor does not make the slightest difference. The hon. member should proceed to ask his question.

Mr. MACKENZIE (Vancouver): I shall ask my question in my own way.

An hon. MEMBER: Take that back.

Mr. MACKENZIE (Vancouver): I mean nothing disrespectful. I shall base my question upon my knowledge of what is in the telegram. Is the Minister of Labour in receipt of information from the authorities of the city of Vancouver pointing out that very emergent conditions exist there and that wholesale evictions have been carried out? If his attention has been directed to this situation, what measures does he propose to adopt to remedy it?

Hon. W. A. GORDON (Minister of Labour): The answer to the interrogation is obvious. While I have not had any communication direct, the position of this government was stated by me on February 16. If hon. members will refer to page 2151 of Hansard, they will see that my answer to a similar question was as follows:

> The only conditions which this government has at any time laid down with respect to direct relief have been to define direct relief as consisting of food, fuel, clothing and shelter or the equivalent thereof, and that there shall be no discrimination in the granting of relief to any applicant by reason of political, racial, religious or other considerations. No limit has ever been set by this government to the amount of relief which shall be granted to any applicant, this being constitutionally a matter wholly within the determination and judgment of the local authorities. It will also be obvious to members of the house that, even aside from the constitutional aspect, such matters are properly for the local authorities to determine.
>
> Answering my hon. friend's third question, "On whose authority rates for direct relief are fixed?" I would say that municipalities must determine, first, whether relief shall be granted and, second, to whom and in what amount it shall be granted. I also presume that such decisions on the part of municipalities receive provincial approval.

From time to time the department does receive communications direct from individuals and provinces, but I do not think it would be even enlightening to hon. members for me to reiterate what I have said so often before. There is a proper method to bring this matter before the government, namely, through the provincial governments. If representations are made to a provincial government and if in turn that government, the municipality and the individual respectively find themselves unable to take care of the things outlined with respect to his maintenance, then the matter will promptly be considered by the government and such appropriation made as to take up the difference between what those primarily responsible are able to do and the total amount.

Mr. MACKENZIE (Vancouver): Have any representations been received from the government of British Columbia in regard to this?

Mr. GORDON: I believe not. I have received this message from another member, but the department has not had anything direct.

Mr. MACKENZIE (Vancouver): Will the minister be prepared to investigate this particular situation in regard to the city of Vancouver?

Mr. GORDON: The province must unquestionably have knowledge of the contents of the telegram. The provincial authorities are in touch with the department here almost daily. I do not think it is desirable that we should prompt the provincial authorities to exceed what in their judgment seems to be adequate provision for cases of this kind.

Mr. A. W. NEILL (Comox-Alberni): Is the minister not aware that when the municipalities apply to the provincial authority in British Columbia, the invariable answer is: We cannot help you to any greater extent because the dominion will not contribute their share of any larger rate?

STEAM TRAWLERS' LICENCES

On the orders of the day:

Mr. W. G. ERNST (Queens-Lunenburg): I should like to direct a question to the Acting Minister of Fisheries and in order to make it intelligible, may I make one or two brief remarks? Steam trawlers' licences expire on March 31 of this year and resolutions have been sent from a large number of boards of trade in Nova Scotia asking that those licences be not renewed on account of the difficulties which individual fishermen are experiencing. I would ask the government to consider refusing to renew those licences when they expire.

Hon. ALFRED DURANLEAU (Acting Minister of Fisheries): I can tell my hon. friend that the matter is now under consideration.

PRIVILEGE—MR. HEENAN

On the orders of the day:

Hon. PETER HEENAN (Kenora-Rainy River): I rise to a question of privilege. Yesterday evening the Minister of

Railways and Canals (Mr. Manion), in referring to some of my remarks, had this to say:

The hon. member for Kenora-Rainy River (Mr. Heenan)—I am sorry I do not see him here at present—spoke of the decrease in wages to be brought about, and said that already there had been a decrease on the Canadian National, as I understood him, of $125,000,000 fom 1929 to 1932.

I just wish to say that that was not the statement I made. It was to this effect:

Who suffers most in connection with the economies made on our railways?

Not the Canadian National Railways; I did not say that:

In 1931 the railway men were paid $74,000,000 less in wages than they received in 1929. I have not all the figures for this year, but I am satisfied that they will receive in wages $125,000,000 less than they were paid in 1929.

So that there may be no misunderstanding between the Minister of Railways and me on the 17th of March, I wish to make this correction.

Hon. R. J. MANION (Minister of Railways and Canals): I accept the hon. gentleman's statement, but it was not quite clear. As a matter of fact, in order to keep the record straight, I looked up the figures for all railways, and it was $108,000,000 and not $125,000,000.

Mr. HEENAN: I had just the government's own statement; I was quoting from that and the statement I made was quite correct.

SUPPLY

DEPARTMENT OF RAILWAYS

The house again in committee of supply, Mr. Hanson (York-Sunbury) in the chair.

Deficit of Canadian National Railways

Amount required to provide for payment to the Canadian National Railway Company of the net income deficit including profit and loss incurred by the system during the year 1932 as certified to by the shareholders' auditors in the annual report of the company for the year 1932, but exclusive of all non-cash items including interest on Dominion government advances and eastern lines deficits as further certified to by the shareholders' auditors and approved by the Minister of Railways and Canals, this payment to be applied in reduction of temporary advances made to the company from the consolidated revenue fund under authority of the Canadian National Railways Guarantee Act, 1932, $53,422,661.67.

Mr. YOUNG: We have not yet received the report of the Canadian National Railways and we do not know what they have been doing for the year. The minister might give us some information in regard to this deficit on the national railways.

Hon. R. J. MANION (Minister of Railways and Canals): I thought I gave the hon. gentleman enough information last night.

Mr. YOUNG: It was not authentic.

Mr. MANION: I do not know what information the hon. gentleman wants.

Mr. YOUNG: We would like to know how this deficit is made up. Some time ago I spoke about the Canadian National Railways being compelled to pay $1,000,000 a year more than was necessary for coal on the western division—and I presume the same is true of the eastern division—while in the United States they owned a coal mine which they had been compelled to close. How much of this deficit is due to that?

Mr. MANION: I cannot give any particulars to-day as to how much is due to that. Both railways in this country do patronize, so far as they can, Canadian coal mines, and without any doubt, in some instances at any rate, it costs them a little more to buy Canadian coal than it would if they chose to take coal from United States sources, but I do not think the difference amounts to any great sum of money.

This $53,000,000 odd, as the house knows and as I think my hon. friend knows although he is asking the question as if he did not, is the difference between the net operating profits of the railway and the amount of interest owed to the investing public, the interest owing to the investing public in 1932 amounting in round figures to $57,000,000 or $58,000,000, and the net profits of the railway amounting to something like $4,000,000, leaving a balance of approximately $53,000,000 which the government of Canada has to meet, being the interest on bonds purchased by various investors, the bonds to a large extent being guaranteed by the Dominion government, but raised for the necessities of the Canadian National Railways.

Mr. YOUNG: That is very true, but when the new bill becomes law, all that this house will have to do is to vote the deficit. But the bill is not in effect now, and before we vote this deficit I think we should know how it is made up. If the statement I made a few moments ago is correct, that the western division is paying $1,000,000 more than is necessary for coal, perhaps a similar or a larger amount more than is necessary is being paid on the eastern division. I think the minister should give us that information so that we can see how the deficit is made up and whether or not we can reduce it.

Mr. MANION: This item will shortly come before the select standing committee on rail-

ways and shipping which examines the items of the Canadian National Railways budget, and when that committee meets, detailed information can be secured. I have not the information at hand. I did not know that anyone was going to ask for detailed information, and in any event the information is in the possession only of the management at Montreal. I could not give those details. I have given all the information I have as to the cost of coal.

Mr. YOUNG: The trouble is that some of us are not members of the railway committee, and if we do not get the information in this house we may never get it. However, I will accept the minister's promise to let us have the information later.

Mr. McGIBBON: What was the loss on exchange last year?

Mr. MANION: I understand that it was $4,500,000. There was a greater loss than that on American exchange, but that loss was partly made up by the favourable British exchange. The net balance against us I believe amounted to $4,500,000.

Item agreed to.

Royal Canadian Mounted Police

Further amount required for the services of the Royal Canadian Mounted Police, the allocation of this and other votes pertaining to this service to be as treasury board may direct, with effect from April 1, 1932, notwithstanding the provisions of vote No. 202 and vote No. 277 of the main estimates, 1932-33—the amount hereby granted being the equivalent of the half-yearly payments due under the provincial agreements, such payments having been made by the several provinces and paid into the consolidated revenue fund, $357,500.

Mr. VENIOT: What share of the cost of the Royal Canadian Mounted Police was paid by the province of New Brunswick to the federal government?

Hon. HUGH GUTHRIE (Minister of Justice): I think that information was put on Hansard a few days ago. I cannot give the figures offhand but I may say that the amount in the estimates represents the half yearly expenditure of the police in the various provinces of Canada. It is paid back into the treasury here in half yearly payments, but it goes into the consolidated revenue fund and we have to get it out. That is the object of this vote. As the provinces pay, the amount is remitted to the consolidated revenue fund. I can furnish my hon. friend with particulars for each of the provinces. All of the provinces now have made agreements with the federal government with regard to police services except Ontario, Quebec and British Columbia. We have no agreement with those three provinces, but the other six have all come in under an agreement.

Mr. VENIOT: I am content if the minister will provide me with the information.

Sir EUGENE FISET: Would the minister be kind enough to tell us the total establishment of the mounted police?

Mr. GUTHRIE: I cannot give it exactly, but it is about 2,400.

Sir EUGENE FISET: Does that include the new services which have been taken over by the mounted police, such as customs work?

Mr. GUTHRIE: Yes. I think the total establishment is around 2,400 or 2,500.

Mr. HEAPS: Is there any increase as compared with last year?

Mr. GUTHRIE: Some increase, but not a notable one.

Mr. HOWARD: Possibly this is the only item under which I can bring to the attention of the minister a matter that was drawn to my attention recently. Some time ago the mounted police purchased three motor boats for protective purposes. Those boats, under the control of the National Revenue department, were built in Canada, but the specifications called for United States motors of a size and kind which could have been just as well built in Canada. I should like to know from the minister if there was any special reason why these patrol boats had to be engined with American motors.

Mr. GUTHRIE: There is an explanation but I have not it by me at the present time. However, the estimate for the mounted police will be down I hope next week, and I will have full information when it comes up for consideration. I think the boats had been ordered by another department and that the engines were placed in them before the boats came into the hands of the mounted police at all. I will have full particulars for the hon. member when the mounted police estimate comes up shortly.

Mr. HOWARD: The reason I ask is that there is an industry in my section of the country, although not in my county, which is complaining very bitterly over this transaction. I thank the minister for undertaking to give me the information.

Mr. WOODSWORTH: I should like to ask the minister as to the duties of the mounted police with regard to liquor enforcement. How do they work in with the customs officials?

Mr. GUTHRIE: Generally speaking, the Excise Act is one of the acts which the mounted police are charged to enforce, but the customs department has also a staff of men who to some extent take part in the same work. The Excise Act, however, is a dominion act and the mounted police are charged with its enforcement. In provinces where agreements have been made with the provincial authorities the mounted police are also charged with the enforcement of the provincial liquor acts. That does not apply in Ontario, Quebec or British Columbia.

Mr. WOODSWORTH: I noticed in the Montreal papers a few weeks ago an account of the seizing of a still in that city, about which complaint had been made for a considerable time past, but about which it is said the mounted police had failed to accomplish anything until after the customs officials had stepped in. I quote from the Montreal Herald of January 19, 1933:

> It is believed that the Department of Justice at Ottawa, following many complaints took the matter in hand and ordered special investigators to work under the orders of the collector of customs in Montreal.
>
> Even the lawyer for the accused appeared surprised yesterday when he appeared for police bail for his clients.
>
> "My clients were arrested for allegedly being found with a still, not by the Royal Canadian Mounted Police, not by the Quebec liquor police, but by a man named Laing," he stated in surprise. Making a gallant effort to force the still into the open two weeks ago, R.C.M.P. officers, on a tip from the Herald, raided almost every garage in the west end of the city but failed to find anything but five American cars in storage. The still was then in operation on the same premises the officers raided about noon yesterday.

In the Montreal Gazette of the same date there is an account along similar lines ridiculing the mounted police and pointing out their inefficiency. I quote this paragraph:

> The grim, taciturn, relentless, brilliantly-arrayed Royal Canadian Mounted Police shortly, if they have not already done so, grimly and relentlessly will destroy another monument erected by man to the God Bacchus, to wit an illicit still; in fact, what is said to be one of the largest illicit stills ever unearthed in local communal confines. This establishment, furthermore, is believed to be the selfsame still rumours concerning which have been going the rounds for some weeks by word of mouth and in the pages of certain weekly papers.
>
> Daily newspapermen, daring to brave the grimness, the taciturnity, the relentless and the brilliancy of the Royal Canadian Mounted Police—

Mr. BENNETT: Mr. Chairman, I desire to raise a point of order. I do not think it is proper to read items from the press reflecting upon the very force we are now dealing with. This is not the place to do it. No one is assuming responsibility for it, and it happens that the very item the hon. member is reading is absolutely untrue. That is the difficulty.

Mr. WOODSWORTH: Mr. Chairman—

The CHAIRMAN: I think the point of order raised by the Prime Minister is quite proper. Unfortunately I was the only one of that opinion on the last occasion.

Mr. WOODSWORTH: If it is not true, I think it should be so stated. This is an article from a reputable paper, the Gazette.

Mr. BENNETT: The Gazette is not doing it; someone else is writing it.

Mr. WOODSWORTH: The Prime Minister says it is not true.

The CHAIRMAN: Yes, the Prime Minister says it is not true. If it is not true, it seems to me that is a very good reason why it should not be quoted.

Mr. WOODSWORTH: I cannot quite get your point, Mr. Chairman.

The CHAIRMAN: The hon. member says if the statement is not true, that is a good reason to read it; in my opinion it would be a good reason not to read it. I believe the quoting of the article is not proper. I have decided that on many occasions, but the last time I did so the house seemed to be unanimously against my decision.

Mr. WOODSWORTH: I cannot understand your ruling. Does it mean that we are not to read from a paper simply when the Prime Minister does not want an item to come before the public. If that is what it means, we should know it.

The CHAIRMAN: I think the reflection by the hon. member is quite uncalled for and fair neither to the Prime Minister nor to the chair.

Mr. WOODSWORTH: Mr. Chairman, in my opinion—

The CHAIRMAN: The rule is quite clear, that the quoting of a newspaper, an author or a book which reflects upon debate before the house either directly or indirectly, is entirely out of order, because members are here to give their own opinions, and not to quote the opinions of others.

Mr. WOODSWORTH: On the point of order, Mr. Chairman: I presume the rule referred to is No. 306, which says:

> It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring

to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

The article I am reading does not refer to anything said by a member, nor does it express an opinion reflecting on proceedings within the house.

Mr. GUTHRIE: Yes it does.

Mr. WOODSWORTH: It is a matter—

The CHAIRMAN: Either it is or it is not relevant to the issue.

Mr. WOODSWORTH: It is relevant to the issue.

The CHAIRMAN: If it is, it comes under commentary No. 306, and should not be quoted in the house.

Mr. WOODSWORTH: It is relevant to the issue, but the rule distinctly states that to be out of order it must reflect upon some member of the house or proceeding in the house.

Mr. BENNETT: Yes, proceedings within the house.

Mr. WOODSWORTH: This article does not refer to a proceeding of the house.

Mr. BENNETT: It cannot be used at all then; it is irrelevant.

Mr. WOODSWORTH: It is in reference to the operations of the Royal Canadian Mounted Police, the body we have under discussion.

The CHAIRMAN: If the hon. member will allow me to say so, commentary No. 306 is only quoting a decision. The spirit of the rule is that members are here to give their own opinion. They may quote an article or a book stating facts, but a commentary on any proceeding or any discussion in the house, with the object of swinging an opinion to one side or the other, is out of order. Hon. members are here to give their own opinions and they cannot base them upon commentaries or opinion coming from outside the house.

Mr. WOODSWORTH: Mr. Chairman, again I submit that this rule distinctly refers to reflections upon members of the house or proceedings within the house.

The CHAIRMAN: I remind the hon. member that No. 306 is not a rule, but merely a commentary on a rule. Rule No. 41 is the one in question. I interpret the commentary to mean that members cannot quote opinions from outside the house on any matter being discussed in the house.

Mr. MACKENZIE (Vancouver): Where do we find that?

[Mr. Woodsworth.]

Mr. WOODSWORTH: Just read it.

Mr. MACKENZIE KING: There is no such rule.

The CHAIRMAN: It is a decision I am giving.

Mr. MACKENZIE KING: Oh.

Mr. WOODSWORTH: With all due deference to the chairman, I submit he has no right to interpret other than according to the written rules.

The CHAIRMAN: Then, the hon. member would give no latitude to the chairman or to the speaker. Standing orders are numbers so and so, and so and so, and the other paragraphs in Mr. Beauchesne's book are commentaries or decisions. The paragraphs I have mentioned are to guide the chairman or the speaker, and my intepretation is this—I may be right or wrong—that members are not allowed to quote any opinion commenting on the debate. Last time I decided I must be wrong because there seemed to be an unanimous opinion against me.

Mr. WOODSWORTH: This has nothing to do with the debate.

Mr. POULIOT: I rise to a point of order—

The CHAIRMAN: The hon. member for Winnipeg North Centre has the floor. Has he finished what he has to say?—

Mr. WOODSWORTH: No. I say this article is not a comment; it is not commenting in any way on the debate. This is a statement which has to do with actions of the Royal Canadian Mounted Police.

The CHAIRMAN: The hon. member is quoting facts?

Mr. WOODSWORTH: I am quoting facts.

Mr. BENNETT: No, you are not.

Mr. WOODSWORTH: I am quoting a newspaper.

The CHAIRMAN: If the hon. member will read the article I shall decide, after hearing it, what he is quoting.

Mr. WOODSWORTH: I shall continue to read, then?

Mr. BENNETT: But, before reading the article I should like to make some observations. I have no desire to curtail the debate. The hon. member suggested that because I directed attention to a point of order, therefore the chairman should decide that the point had been well taken. Far from it. As I understand the rules of debate in this house

a member who quotes from a newspaper, if he does, is taken to pledge his honour that the statements, if they are alleged to be statements of fact, are true. If he is unwilling to do that, he should not read them. That is perfectly clear. Certainly that is the rule in the mother of parliaments.

Mr. GARLAND (Bow River): May I ask a question?

Mr. BENNETT: Yes, when I have finished. The rule as to quoting of opinions of people outside the house with respect to matters under discussion seems to be so clear that we should not have any difficulty in interpreting it when the house makes its own rules to govern its own conduct. That is clear. But there are 245 members in the house endeavouring to influence the conduct and opinons of one another. To introduce the 246th member by quoting in the house the opinion of someone not in the house with respect to a matter not under discussion is to add to the membership of the house an irresponsible outsider. That is clear, as I understand the rule. Certainly in England it is not done; wherever else it may be done it is not done there.

It has been suggested I have been an offender in this regard myself. I think we all have been. But, with the multiplicity of magazines and papers, and with the number of articles appearing in newspapers for which there is no warrant, does it not occur to the house that in its own interests it should limit the debate to statements of fact made by the members themselves upon their honour as members, after satisfying themselves that those statements are correct, rather than reading statements made by the correspondent of a newspaper, and then stating that "from such and such a paper I read so and so" and ask the house to believe it is true, because someone has said it is true. In my judgment that is not correct practice.

The matter under consideration is the making available a sum of money that has been paid by a province for police service. That is the item now under debate. One of the provinces has paid into the consolidated revenue fund a sum of money which should be available for this fiscal year. It can only be made available by the passing of this vote. The vote refers to an appropriation paid by a province into our consolidated fund for the police force, which this item would release. That is all. How that has anything to do with the conduct of police with respect to a still in the province of Quebec, I cannot understand. It would not be relevant; and relevancy, at least with respect to debate, used to be necessary.

I mention this only because it seems to me that if we are going to get the business of parliament transacted at all, there should be some regard for these matters. If repetition is to be the measure of merit then you will have repetition and repetition and repetition, the same thing being said in every debate, as has been frequently done in this house. I only direct attention to this point for the reason that I think it is desirable that we should discuss the matter with some degree of relevancy in the first place, and secondly that we should not introduce the opinions of other persons, which may or may not be correct, for the purpose of influencing opinion in this house, or read statements as statements of fact for the accuracy of which we have no warrant.

Mr. GARLAND (Bow River): Mr. Chairman—

The CHAIRMAN: Before the hon. member proceeds, let me say that, without having at least heard or read it, it is impossible for me to decide whether the article the hon. member wants to quote is relevant. I will ask the hon. member to send it to me so that I may read it, or I will let him read it and stop him if I think it is not relevant.

Mr. POULIOT: As the question is very important may I say a few words on the point of order, stating certain general views with regard to constitutional law.

The CHAIRMAN: No, I think the hon. member had better speak on the point of order and reserve his lecture on constitutional law.

Mr. POULIOT: No, it is not a lecture, but it is in order to prevent being lectured in the future. We are discussing a matter of the utmost importance, on which the right hon. Prime Minister and other hon. members have spoken, bearing upon what is to be the procedure in future in this house. Here I have the standing orders of the House of Commons. There is nothing about reading books or newspapers. We find in Beauchesne's book—which is made with pepper, scissors and glue—a reference to—

The CHAIRMAN: Order.

Mr. POULIOT: Bourinot's Parliamentary Procedure—

The CHAIRMAN: Order. I ask the hon. member to take his seat. Hon. members must speak to the point of order.

Mr. POULIOT: I wish to do so. If I may read this note—

The CHAIRMAN: I can read myself.

Mr. POULIOT: I wish to read it for the benefit of the whole house. At page 335:

But a member may read extracts from documents, books or other printed publications as part of his speech, provided in so doing he does not infringe any point of order.

That is something that anyone can see.

But there are certain limitations to this right, for it is not allowable to read any petition referring to debates in the house, and where the language of the document is such as would be unparliamentary, if spoken in debate, it cannot be read. No language can be orderly in a quotation which would be disorderly if spoken. Nor can any portion of a speech, made in the same session, be read from a private book or paper. It is also irregular to read extracts from newspapers or documents referring to debates in the house in the same session. (May 326.) In making extracts a member must be careful to confine himself to those which are pertinent to the question; it is not regular to quote a whole essay or pamphlet of a general character.

I wonder if the hon. gentleman is reading the whole essay or pamphlet!

Neither is it regular for a member to read a paper which he is asking the house to order to be produced.

This is not produced.

Nor is it in order to read articles in newspapers, letters or other communications, whether printed or written, emanating from persons outside the house, and referring to, or commenting on, or denying anything said by a member, or expressing any opinion reflecting on proceedings within the house.

There is a reference to English Hansard:

"Allusion to debates in the other house are out of order," says May, "and there are few orders more important than this for the conduct of debate and for observing courtesy between houses."

Then Bourinot continues:

During a debate on the tariff in the session of 1877, Mr. Mills referred to the opinions of Sir Alexander Galt, formerly a member and Minister of Finance. Subsequently one of the Canadian papers published a letter from Sir Alexander in answer to some of Mr. Mills' remarks; and the latter rose and proposed reading from the paper in question; but the Speaker interrupted him and questioned the propriety of this course,—a decision entirely in accordance with the English rules of debate. It is in order, however, for a member to quote from a printed paper, on which he proposes to found a motion.

The same thing should be said about a question he asks.

Mr. GARLAND (Bow River): Mr. Chairman, I do not rise to disagree with some of the general statements made by the right hon. Prime Minister. I do disagree with you, sir, and the assertion that there is any rule in the book of rules of this house or the customs of this house that would justify a ruling along the lines that you indicated you might give.

The CHAIRMAN: There is no set rule.

Mr. GARLAND (Bow River): Exactly, there is no such rule. Therefore any statement by yourself, Mr. Chairman, in connection with this point would be your opinion as to the proper conduct of this house. You would in that way be establishing a precedent.

The CHAIRMAN: If the hon. member will allow me, the chairman has to go by the well-known maxim stare decisis. He must be guided by the previous decisions of the speaker or chairman which have been voted upon by the house.

Mr. GARLAND (Bow River): I think the chairman would be well-advised to be guided by the procedure which is customary in the British house also. I think he hardly did justice to his own well-read mind when he said it was not the custom in the British house to give quotations. Anyone who has studied the British Hansard recently will find numerous quotations. I recall for example that Sir Robert Horne in the budget debate last year quoted from Allison's History of Rome very freely in connection with certain monetary questions—

The CHAIRMAN: It was written before the debate.

Mr. GARLAND (Bow River): Time after time the right hon. leader of the government has attempted to influence the opinion of the house by quoting—

Mr. MACKENZIE (Vancouver): The new despotism!

Mr. GARLAND (Bow River): —in support of his own opinion from Salter to Gladstone and Bryce and heaven knows who. It is almost impertinence on the part of any hon. member at this stage in the development of parliamentary procedure to suggest that because it is inconvenient or unpleasant for him to listen he should wipe out the customs of the past. This house has established definitely the custom within certain limits of relevancy or appropriateness of quoting authorities, sometimes of value, sometimes of little value, depending on whose opinion it is. There is also the practice in connection with the estimates, I have noted for over eleven years, of quoting from newspapers and asking questions based thereon. The only way we can get information in connection with affairs with which we are not personally acquainted

is from newspapers. To correct items in newspapers we must ask questions in regard thereto. I have no knowledge of the newspaper item that brought about this discussion, but I think the subject matter of it justifies questions based thereon,—not charges but questions to the minister. I hope, Mr. Chairman, that you will reconsider your decision and not make a brand new rule of your own to go down in history as one of the most serious curtailments of free speech and public opinion that this house has been subjected to.

Mr. RHODES: Mr. Chairman, I gather from the temper of the committee that this discussion bids fair to be protracted. It is of course, perfectly competent to the committee to debate this item at great length, if it chooses to, but may I point out respectfully that, as was indicated by the Minister of Justice, all that this item does is to release funds which have been paid by the provinces into consolidated revenue, and make them available for the use of the service within this fiscal year. And unless my hon. friend from Winnipeg North Centre (Mr. Woodsworth) would be prejudiced by the delay may I point out that he would have ample opportunity to discuss any point arising with respect to the mounted police in the main estimates. I would like to have these estimates passed at an early date. I do not suggest for one moment that it is not competent to the committee to discuss this item as long as it chooses, but inasmuch as there will be ample opportunity in connection with the main estimates, I suggest that that might ease us over the difficulty for the moment.

Mr. WOODSWORTH: Mr. Chairman—

The CHAIRMAN: The hon. member has already spoken on the point of order.

Mr. WOODSWORTH: I think I may be granted a word in reply to the Minister of Finance.

The CHAIRMAN: The hon. member can speak only once on the point of order.

Mr. WOODSWORTH: But this is the point of order—

The CHAIRMAN: The hon. member has already spoken.

Mr. YOUNG: We are in committee, Mr. Chairman.

Mr. WOODSWORTH: May I point out, Mr. Chairman, that the Prime Minister spoke twice.

The CHAIRMAN: I am endeavouring to give a fair decision, but at the same time I cannot ask hon. members to follow the rules strictly if I do not follow them myself. The leader of the opposition wishes to speak to the point of order. I desired in the meantime to read the article and I asked the hon. member for Winnipeg North Centre to be good enough to let me see it, but he would not let me have it. Obviously therefore he puts me in a difficult position. In the meantime I must give the floor to the leader of the opposition on the point of order.

Mr. MACKENZIE KING: I hope it will not be necessary for the chairman to give a ruling. It need not be necessary if what, sitting here, I heard was correct. It seems to me that the hon. member for Winnipeg North Centre and the chairman are at cross purposes. The statement of the article which the hon. member was attempting to read has been denied. What the hon. member for Winnipeg North Centre said—at least as I heard him—was that the article which he wished to read, if not true, should be denied.

The CHAIRMAN: Should be quoted.

Mr. MACKENZIE KING: No, Mr. Chairman. I did not understand the hon. member to say that the statement it contained was correct. What he did say was that if it were not correct it should be denied, and I heard the Prime Minister himself say that it was not correct. The Prime Minister himself denied it. It seems to me that if that is the situation there is no need for any ruling at all. The hon. member for Winnipeg North Centre has asked the ministry a question with respect to a certain statement that appears in the press but which does not bear any relation to this debate, because this debate has commenced only to-day whereas the article in question was printed some time ago. It is perfectly proper for him, when the house is discussing estimates of the Royal Canadian Mounted Police, to ask any question with relation to the mounted police and to ascertain whether or not a statement referring to the police is correct. I think that was what the hon. member for Winnipeg North Centre was doing. He read a certain article with a view to ascertaining whether it was correct or not. He did not himself say whether it was correct or not. If it was correct it was a serious reflection on the mounted police and therefore he thought we ought to discuss the matter; but if it was not correct, he said it should be denied. If the minister denies that the statement is correct that settles the matter without the necessity for any ruling whatever. Certainly, if the chairman takes a different view—

The CHAIRMAN: The chairman expressed no opinion. He asked to see the article to see for himself whether it was relevant and applicable to this debate, but the hon. member for Winnipeg North Centre refused to let him have it.

Mr. MACKENZIE KING: It could not possibly be a comment on this debate inasmuch as this debate started only this afternoon.

The CHAIRMAN: I must read the article if I am to decide whether it is relevant.

Mr. GUTHRIE: Would it shorten matters, Mr. Chairman, if I were to say to the hon. member for Winnipeg North Centre that the two articles have been brought to my attention by the commissioner of the Royal Canadian Mounted Police and that they are not correct?

Mr. BEAUBIEN: May I offer a suggestion, Mr. Chairman. Some time ago the same point came up that we are discussing this afternoon and you decided that certain articles could not then be read. The house on that occasion was unanimous against your decision. Should we not regard the decision of the house in that connection as a precedent to guide us on this occasion?

The CHAIRMAN: The feeling of the house on that occasion did not change my opinion.

Mr. BEAUBIEN: But does not the action of the House of Commons on that occasion constitute a precedent which should guide the chairman of committees or the Speaker?

The CHAIRMAN: It would, if it had been a decision. Had the house given a decision I should be bound by it. What did occur on that occasion was this. I said that if the house seemed to be unanimous against me I would not press my decision.

Mr. BEAUBIEN: But you were convinced, Mr. Chairman, that the house was unanimous against your decision.

The CHAIRMAN: The hon. member for Winnipeg North Centre has the right to the point of order.

Mr. WOODSWORTH: I should like to add a word or two. The chairman has asked me to submit a certain extract to him privately, and this I decline to do. It does not seem to me that in this house we should have to run around submitting extracts to the chairman before we are allowed to read them. That is not the way parliament has been conducted heretofore.

[Mr. Mackenzie King.]

The CHAIRMAN: I wished to prevent the hon. gentleman from being stopped while he was reading the article.

Mr. WOODSWORTH: With due respect to you, Mr. Chairman, I do not propose to submit articles to you in order that I may know whether or not I may read them.

The CHAIRMAN: The hon. member will have to.

Mr. WOODSWORTH: No; I do not propose to.

The CHAIRMAN: Whether publicly or privately, he will have to.

Mr. WOODSWORTH: In the eleven years that I have been in this house we have never had to submit articles to the chairman before attempting to read them, and I do not propose to do so to-day.

The CHAIRMAN: I was doing it as a matter of courtesy to the hon. gentleman, but he can go on.

Mr. WOODSWORTH: I appreciate the courtesy but I decline to accept it.

The CHAIRMAN: I am not surprised.

Mr. WOODSWORTH: I am not going to insist at the moment upon reading the article nor indeed am I going to extend the discussion. I quite agree that if the Minister of Finance is correct that the particular item before us does not refer to the general activities of the Royal Canadian Mounted Police there is no need for me to extend my remarks at the moment.

The CHAIRMAN: Do I understand that the hon. member withdraws the point of order?

Mr. WOODSWORTH: No, I do not.

The CHAIRMAN: Then I shall have to decide upon it.

Mr. WOODSWORTH: I am not raising the point of order.

The CHAIRMAN: Then, if the point of order is disposed of, the hon. gentleman will proceed with his speech.

Mr. WOODSWORTH: I was reading an article that had been brought to my attention, conveying the information that although the Royal Canadian Mounted Police had been informed with regard to the existence of a still they had not succeeded in unearthing it nor in making the arrest.

Mr. DUPUIS: I rise to a point of order. A few minutes ago the Minister of Justice

denied the statement with regard to the Royal Canadian Mounted Police having made an investigation, and in answer to the hon. member he said that the information contained in the article was not true. The hon. member for Winnipeg North Centre is now persisting in his statement.

The CHAIRMAN: The hon. member has the right to accept a denial made by any other hon. member with respect to facts personal to himself, but he can state any fact that he knows of, or has heard of or that has been published in the press, notwithstanding the denial of any other hon. member. I am therefore willing, so far as this debate is concerned, to let him proceed with his statement of facts.

Mr. CHEVRIER: Hasn't the point been decided, Mr. Chairman? The hon. member for Winnipeg North Centre has endeavoured to read an article which, I understand, both the Prime Minister and the Minister of Justice have denied, and that ought to settle that point. But may I point out that so far as the article in question is concerned, as the leader of the opposition has indicated, it could not possibly refer to any proceeding that had taken place in this house. This is clear from paragraph 306, which reads:

> It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

It could not be said that this article is expressing an opinion or is reflecting upon the proceedings within the house because the matter has just originated. The whole thing should be dismissed at once. The statement has been denied and it must be accepted and besides it has no bearing upon the proceedings of the house, as the right hon. leader of the opposition has pointed out.

The CHAIRMAN: Simply to read an article does not mean that it must be accepted. Surely the hon. member for Ottawa (Mr. Chevrier) and the hon. member for Winnipeg North Centre (Mr. Woodsworth) cannot ask me to decide this matter without my seeing or having heard read the article in question.

Mr. CHEVRIER: I cannot conceive of any proceeding in this house whereby a member is asked to submit an article from a newspaper or anything of that kind to the Speaker or the Chairman before it is read.

The CHAIRMAN: I agree with that. The hon. member for Winnipeg North Centre has the floor.

Sir EUGENE FISET: What item are we dealing with?

The CHAIRMAN: Item 394.

Mr. WOODSWORTH: I will content myself at the moment with asking a definite question of the Minister of Justice (Mr. Guthrie). Is it true that efforts were made about January 19 by the Royal Canadian Mounted Police to locate a still which they were unable to do and that later on instructions were given to the collector of customs who succeeded in locating the still and having the men arrested and the still destroyed? If we can get back to the original matter, I should like to inquire if there is close co-operation between these two groups of officials. If this article is true and if the customs officials had to be sent out after a futile investigation by the mounted police, it would reflect upon the efficiency of the mounted police.

Mr. GUTHRIE: I can only repeat what I stated before. Both these newspaper articles were brought to my attention by the commissioner of the Royal Canadian Mounted Police who informed me that the statements contained therein were not correct. There are two forces in Montreal, one belonging to the customs department and called the customs investigation branch and the other, the Royal Canadian Mounted Police. The customs investigation branch claims certain rights and privileges in regard to these matters. It has been said that when seizures are made they are allowed part of the fine or penalty whereas the mounted police are not. There was some friction between the two bodies, but that has ceased. The new commissioner has been in Montreal and the various jurisdictions have been established. The articles which have been read in part by the hon. member are not correct and place an entirely untrue light upon the whole situation.

Item agreed to.

Grant to the Pacific Science Association towards expenses of the fifth Pacific Science Congress, $70,000.

Mr. MACKENZIE (Vancouver): Where is this meeting to take place?

Mr. BENNETT: This was arranged for before we came into office.

Mr. NEILL: I should like to know who and what is the Pacific Science Association?

Mr. RHODES: The only information I have is that this vote is necessary as a result of an invitation extended by the preceding government to the Pacific Science Association which held its last meeting in Java in 1929. As to the details of the character of the organization and the subjects which it studies, I would have to ask that that explanation be given by the Minister of Trade and Commerce (Mr. Stevens) who is not here at the moment. I find that I have not these details before me.

Mr. NEILL: Seventy thousand dollars is a great deal of money to vote just "as is" and I suggest that we should have some information.

Mr. BENNETT: Perhaps I can assist the hon. gentleman. Canada has been represented at various meetings of this organization which comprises most of the countries which border upon the Pacific ocean. The last meeting was held in Java. We have extended invitations, I think twice, to the congress to meet in Canada but until the 1929 meeting our invitations were not accepted. We then became obligated as hosts to this organization. Owing to economic conditions, the meeting which was set for last year was postponed, but it became clear that it could not be postponed again. This organization discharges rather important functions with respect to various matters—the circumstance that it met in Java in 1929 is some indication of that fact—and it deals with scientific problems of the first order connected with various matters which arise in the Pacific area. I do not think any of us are anxious that we should spend this money but, on the other hand, this country occupies rather an important place in international matters and the invitation has been extended and accepted. I understand the meeting is to be held in Vancouver. There is no sum less than this vote that we could arrive at which would enable the matter to be dealt with properly. Doctor Tory has given a great deal of attention to the matter and various scientific organizations in the country are interested. Unless we become "welchers" we are not warranted in refusing to pass this vote. That is not a very excellent term to use, but it expresses exactly the true situation.

Mr. MACKENZIE KING: May I say that I am happy to be able to agree with the Prime Minister (Mr. Bennett). As I recall it, this organization is one of the world scientific organizations. It deals more particularly with problems relating to the Pacific and Canada, being a country that borders on the Pacific, is deeply interested in the study and research carried on. As the Prime Minister has said, Canada has been represented at previous meetings. Our representatives have been entertained by other countries and the turn of Canada had come to invite these other nations to our country. In doing so it was thought that we were not only performing an international courtesy but also doing something that would be of real advantage to Canada itself.

Mr. NEILL: We have heard from two of the most able men in Canada but both of them have failed to give us any real information as to the purposes of this body. One said that as they met in Java last year, that would give an indication of the scientific importance of this organization. I do not know very much about Java. I associate that country only with coffee and I do not know what scientific bearing the fact that this organization met in that country would have. The leader of the opposition is also vague in his remarks; he says that it is of great scientific importance. Would somebody, if he knows, tell me what was discussed at Java and is now to be discussed at Vancouver? Has it to do with the marine life of the Pacific or with trade or what? I am quite willing to vote the money; I do not want, as the Prime Minister suggested, to be a welcher, but I should like to know what we are voting and what we are getting out of this affair.

Mr. BENNETT: I am bound to say that the members of the organization comprise some of the most eminent scientists of the world. I am afraid, if I were to read one of their papers, it would not add greatly to the sum total of the knowledge of more than a few members of the house.

Mr. BOUCHARD: It would be ruled out of order.

Mr. BENNETT: It would not be out of order, because it would be merely a statement in answer to a question as to what was done at the meeting. I have not brought with me a copy of the proceedings at the last meeting. As a matter of fact I thought probably the committee would be content with an explanation of the circumstances under which we are called upon to make the expenditure in question. I promise the hon. gentleman between now and the consideration of the estimates of some department, say External Affairs, I shall endeavour to bring down the last volume and perhaps make it available for him so that he may be able to add to the sum total of his knowledge.

Mr. HEAPS: How many delegates are expected at this congress?

Mr. BENNETT: I am speaking subject to correction, but I think 100 eminent scientists gathered at the meeting in Java. The Japanese meeting was more largely attended. It is expected that probably 100 scientists will attend the meeting at Vancouver.

Mr. HEAPS: For a meeting of 100 scientists, it is necessary to vote $70,000?

Mr. RHODES: I may say that the Japanese government, during the period this organization met there, expended $250,000 and the cost to Java was some $130,000, so that it will be observed that the sum we ask as compared with those figures is rather modest.

Mr. SPENCER: How are the expenses allocated between the different countries?

Mr. BENNETT: A committee of Canadian scientists under the chairmanship, if my memory serves me aright, of Doctor Tory, has accepted the responsibility of preparing for the meeting and making the necessary arrangements, shall I say on a very meagre scale as compared with what was done at the last two meetings, to try to provide for the meeting in a way that will not be unworthy of Canada. The committee is not at the moment large, but I think additions have been made to the number. If my memory serves me correctly—and I speak subject to memory—there is a small local committee that Doctor Tory established at Vancouver in the course of a recent visit to that city. Last year the work was proceeding with a good deal of difficulty when it was concluded, with the consent of the organization, that the meeting would be postponed until this year. I would not like those who come here to read this debate as an indication of the welcome that will be extended to them if they come to this country.

Item agreed to.

Grant to Philip Campbell re illegal warfare claim, $1,460.

Mr. RHODES: I may say that this particular item is not to be classed with those cases which may be considered Canadian and which were dealt with by the reparations commission. The facts of the case, as I recall them, are that this man was a member of the crew of a British trawler. He was for a time interned in Germany with his associates who were members of the crew. After the war he became a resident of Australia and in 1921 or thereabouts he moved to Canada. He was in this country for some time before he discovered that his associates had all been reimbursed by the British government. He put his claim into the Canadian reparations commission and very properly in the circumstances it could not be granted. Then representations were made to the Imperial authorities who would have granted compensation as was done in the case of his shipmates, but unfortunately he made his application after the cases had been closed in the mother country and it was impossible for him to receive compensation. So the British government said this: Inasmuch as we have compensated a number of Canadians without calling upon Canada to pay, we think, as a matter of courtesy and of fairness in the circumstances, you might be able to take care of this man who now has a residence in Canada. So, as a matter of grace, we felt in these circumstances that to place this man upon a parity with his shipmates, we should ask for this particular appropriation. In view of the conditions of to-day, the cost of living, the value of the pound sterling and the comparable amounts which were paid to his shipmates in England, I think the figure in this item is rather high, and I am going to ask my deskmate to move that the sum be reduced by $460. I think the compensation of $1,000 is reasonable.

Mr. ELLIOTT: That is compensation in full?

Mr. RHODES: Yes, and it is admitted it is purely a case of a compassionate grant.

Mr. HANBURY: It is not a legal claim?

Mr. RHODES: No.

Mr. POWER: Who fixed the amount at $1,460?

Mr. RHODES: Due to exchange, I think there was an error in the figures. Who prepared them, I cannot say. In the ordinary course the supplementary estimates come to my office and I do not examine them until they are presented to my colleagues in council. As a matter of fact the item came into the estimates at the instance of the Department of External Affairs after communication with the home authorities.

Mr. POWER: Has Philip Campbell returned to his home in the old country?

Mr. RHODES: No, he is a resident of Canada to-day.

Mr. BROWN: What amount was paid by the British government to his shipmates?

Mr. RHODES: £300.

Sir GEORGE PERLEY: I move that the item be reduced in the sum of $460.

Item as amended agreed to.

Resolutions reported, read the second time, and concurred in.

WAYS AND MEANS

SUPPLY BILL

Hon. E. N. RHODES (Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. MacDonald (Cape Breton South) in the chair.

Mr. RHODES moved:

Resolved that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1933, the sum of $54,380,349.93 be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported, read the second time, and concurred in. Mr. Rhodes thereupon moved for leave to introduce Bill No. 52, for granting to His Majesty certain sums of money for the public service of the fiscal year ending March 31, 1933.

Motion agreed to, bill read the first and second times, considered in committee, reported, read the third time and passed.

SUPPLY

PENSIONS AND NATIONAL HEALTH

The house in committee of supply, Mr. MacDonald (Cape Breton South) in the chair.

Quarantine: salaries and contingencies of organized districts, public health in other districts, Tracadie and Bentinck island Lazarettoes and leprosy generally, $162,000.

Mr. VENIOT: I would like to get some information from the minister respecting the appointment of a medical superintendent at the lazaretto at Tracadie. What I desire to learn is whether a permanent appointment of a medical superintendent has yet been made; who is temporarily in charge, and when does the minister expect a permanent appointment will be made.

Hon. MURRAY MacLAREN (Minister of Pensions and National Health): The appointment of the medical superintendent at Tracadie lazaretto has not yet been made. The medical officer who is temporarily in charge at Tracadie during the vacancy is Doctor Peloquin, a medical officer of the Department of National Health. He has had experience in dealing with leprosy at our lazaretto on the Pacific coast. The position I understand is now being advertised by the Civil Service Commission.

Mr. VENIOT: May I ask if Doctor Hache of Caraquet was not placed in temporary charge in October last? If so, what position does he now occupy in connection with the lazaretto.

Mr. MacLAREN: Doctor Hache was in charge for a certain time; I do not recall the exact months, but he is not associated with the lazaretto at the present time.

Mr. VENIOT: The minister has just stated that the vacancy is now being advertised by the Civil Service Commission. Is it not a fact that it was advertised last year and that applications were received, that Doctor Hache was one of the applicants among others, and that no action was taken by the Civil Service Commission at that time towards making a permanent appointment? If that is so, why is the position advertised a second time?

Mr. MacLAREN: I think the statement by the hon. member for Gloucester is correct, so far as I heard him. Doctor Hache was temporarily acting, but has not been appointed.

Mr. VENIOT: What about the first call for applicants by the Civil Service Commission? Why was there a second call?

Mr. MacLAREN: Because his appointment was not confirmed.

Mr. VENIOT: But there were other applicants? Why the necessity for a second call for applicants, when there were three or four other applications from medical men, men who had undergone the so-called examination, and some of whom were returned soldiers?

Mr. MacLAREN: I cannot answer that, because it is a matter which comes under the control of the Civil Service Commission. They decided the position would be advertised for, but I do not know anything beyond that. I am not familiar with their special reasons.

Mr. VENIOT: I say the committee has a right to know those special reasons. I do not say the minister should carry them in his mind, but at least he should endeavour to obtain them. In practice, it is very seldom indeed that the Civil Service Commission call for a second tender—if I may use that term—without having received some intimation from the department. Here we have a

vacancy created by the retirement on pension of Doctor J. A. Langis, the man who for twenty or twenty-five years was in charge of the lazaretto. He was perfectly willing to accept his superannuation, but had to be replaced. The vacancy was advertised. A number of physicians, some of whom I know to be very capable men, applied for the position. As I have already said some were returned soldiers. Yet the appointment has not been made. Although almost a year has passed the appointment has not been permanently made, and the commission make a second call for applicants. There must be some reason for it, and I believe the committee is entitled to know what the reason is, if the minister can possibly get it from the commission. We are entitled to know why the applicants in the first instance are all thrown aside and new applications asked for. I am convinced it is not fair to the men who applied at first, and especially unfair to the returned soldiers.

Although I represent Gloucester county, through illness in the last six months I have been unable to keep in touch with my constituents. Until the minister announced it to-day I was not aware that Doctor Peloquin was temporarily in charge. I understood Doctor Hache was still in charge. Further, I was not aware that the Civil Service Commission had made a second call, and was greatly surprised to learn it. I contend we are treating those men unfairly who were called upon to go through the usual routine the Civil Service Commission requires in such cases.

Mr. MacLAREN: I cannot speak for the Civil Service Commission. I know what they have done; they have decided to advertise again, and all I can say to the hon. member is that I do not believe any previous applicant has been treated unjustly, because his application will be in order now just as it was previously.

Mr. VENIOT: It cannot be in order. If I had learned of these circumstances before I left home, and had not been surprised by receiving the information to-day, I would be in a better position to speak. I claim an injustice has been done Doctor Hache. He will not have the same standing before the Civil Service Commission upon his second application that he had on his first. Doctor Hache was placed in charge of the lazaretto on October 2, 1932; the minister himself placed him in charge. Then the minister made a tour through Gloucester county, and when going through my home town was kind enough to call upon me. I believe the minister's call was just at the time Doctor Hache was placed in charge. However, the date makes no difference. Doctor Hache and the minister, when on their way to Tracadie, called upon me at my home, and upon that occasion the minister informed me he was going to instal Doctor Hache temporarily. I was very happy to see that an appointee from the county of Gloucester was to be placed in charge of the hospital; I did not consider the matter from a political standpoint at all. I felt the work rightfully belonged to a doctor from the county of Gloucester providing he could qualify. Doctor Hache has been temporarily in charge of the hospital at Tracadie. He resides at Caraquet, a distance of twenty-one miles from the institution, and visits it three times a week, which was all he was called upon to do. I understand he was paid according to the services rendered; in other words he was not paid a full-time salary, but was paid a proportion of the full salary paid previously to the resignation of Doctor Langis.

Doctor Hache has been set aside. Is it because his services were not satisfactory? Was Doctor Peloquin called in to take charge of the lazaretto because it was found that, after serving three or four months Doctor Hache's services were not satisfactory to the department. Action certainly would not be taken through the Civil Service Commission because before they could act they would have to get a report of his qualifications as a temporary employee from the department. I claim what has taken place is a reflection on Doctor Hache, and that he does not stand the same chance on a second application or examination as he did on the first. He has been replaced, and an official permanently employed who is at the disposal of the department to be sent here and there for relief work, and to relieve superintendents in medical institutions. I claim that the department must have had some reason for taking that action. Having had some reason, they must report it to the Civil Service Commission, if Doctor Hache applies a second time. If he does apply a second time, whatever reason the department may give will militate against him. I claim the regular appointment should have been made when the Civil Service Commission received the applications and were in a position to decide upon the qualifications of each applicant. In five or six months they should not turn around and say, "We will call for new applications." What they should have done was to place Doctor Hache aside as a temporary employee and place Doctor Peloquin in charge temporarily. Then the Civil Service Commission could

have gone on with the applicants they had and made an appointment, instead of waiting until nearly a year after and then calling for new applications.

Mr. MacLAREN: As the hon. member for Gloucester says, they might have, but they did not. The Civil Service Commission act for themselves, I cannot speak for them.

Mr. VENIOT: Who displaced Doctor Haché?

Mr. MacLAREN: I have stated to the committee that his temporary appointment was not confirmed by the Civil Service Commission.

Mr. VENIOT: Who replaced him as a temporary officer?

Mr. MacLAREN: Excuse me if I finish what I am saying. I would like to correct a minor point in the statement of the hon. member for Gloucester. I did not say to him that I went down to instal him, because Doctor Haché had been attending there previous to my arrival in Bathurst.

Mr. VENIOT: Just two days.

Mr. MacLAREN: Well if it was one day. So it was not an installation. His appointment was on temporary certificate of the Civil Service Commission, not by the minister or the department.

Mr. HOWDEN: I would like to broach a matter that comes under this item. There has been established in Toronto and Winnipeg and possibly other cities throughout Canada, sponsored by the provincial governments with the aid of the federal government, depots or offices for the interception and treatment of venereal disease. These offices have done splendid work, so much so that the discoverable incidence of this disease has been diminished fifty per cent in a comparatively short time. This year and last year and the year before no provision was made by the federal authorities for this grant, and the province of Manitoba at least was forced to discontinue the service. In view of the very far spread incidence of this form of disease—and it is impossible to find an adjective which describes the devastating effect it has on society and the people of the country at large—I would like to plead with the Minister of Health that he would try and find a means of placing an item in the estimates that would enable this work to be carried on in the province of Manitoba. It would not only be a charitable work but a work for the protection and welfare of the whole nation.

[Mr. Veniot.]

Mr. MacLAREN: Mr. Chairman, I will bring the views of the hon. member for St. Boniface (Mr. Howden) concerning this matter to the attention of the government. I would not like to give any answer now, but I will be pleased to bring the matter before my colleagues. I notice he asks that this amount be available for the treatment of venereal disease in the province of Manitoba. I think probably it would have been better had the request been made to apply generally, as before.

Mr. HOWDEN: Quite so, but I am from Manitoba.

Mr. LUCAS: I would like to ask the minister how many stations there are in Canada where leprosy is being treated, and where they are located?

Mr. MacLAREN: There are two lazarettos in Canada, one on the Atlantic and one on the Pacific. The one at Tracadie, New Brunswick, is much the older institution, because leprosy became endemic there, it had its home there, in fact I think that is the only instance in Canada where leprosy has become seated among the people. It has diminished very considerably as years go on. I visited the lazaretto there something like thirty or forty years ago and there were about thirty cases, and all of them had developed within that area. To-day there is a total of ten cases. But it does not mean that these cases arose in the east of Canada or the neighbourhood of Tracadie. It has now become a hospital for cases of leprosy found to exist over the eastern half of Canada. There are comparatively few of the ten that came from the original source about Tracadie. That is an instance where leprosy has diminished slowly but very substantially.

The other lazaretto is at Bentinck island, Williams Head, Vancouver island. It is a small island near Vancouver island. There are five cases of leprosy there to-day. All are Chinese. In fact the history in western Canada has been that the cases of leprosy are largely Chinese. These Chinamen are sent back to their home, if possible, but in a number of cases it is not possible on account of transportation reasons.

Mr. LUCAS: Has scientific medicine developed to a point where a permanent cure can be effected?

Mr. MacLAREN: Leprosy is essentially a long standing disease, usually very slow in progress. Certain cases come to a finality, apparently they are cured. No doubt they are assisted by treatment, but time is also

an important element. There are cases of leprosy that do not tend to progress, even apart from any special treatment. On the whole treatment is of value, it certainly relieves, it extends their lives and makes them more comfortable. The treatment is not a prompt curative agent, but is of value all the same. As I say some cases become quiescent and are apparently cured.

Mr. CARMICHAEL: How many cases are there at Tracadie?

Mr. MacLAREN: Ten in Tracadie, Gloucester county, New Brunswick, and now five at Bentinck island, Williams Head, British Columbia.

Mr. CARMICHAEL: Are the ten cases at Tracadie members of the white race?

Mr. MacLAREN: Hon. members can easily understand how occasionally a case creeps into Canada. Most recently a case was found of a British subject, white, who had lived in South America and subsequently came to Canada. That was a case which no doubt originated in South America. They are all white, and there are a few from the neighbourhood and others from various parts who have come to Canada and afterwards shown the disease. There is one patient who is supposed to have become infected in South Africa. Naturally a case creeps in occasionally, as I say. There is a general impression that leprosy is a highly contagious disease, but that is not the case. It is contagious, it is true, because that is the explanation of its continuing all through the ages; but with proper care and attention, proper living, it is only slightly so. If, however, people live in one household and do not take care of themselves—it is pretty much the same in the case of tuberculosis—then the disease is conveyed. In the case of the lazaretto at Tracadie, the institution is in charge of a community of sisters. That community has been there for very many years, and no case of leprosy has developed among any of the sisters. This is a good opportunity, I think, of indicating the excellent care that the sisters show, the proper spirit, and the kindness which they exhibit in their work. They are devoting their lives to the care of these lepers.

Mr. GARLAND (Bow River): I wish to add a word in support of the suggestion made by the hon. member for St. Boniface, that it is the grave duty, particularly under present conditions, that the Dominion government and its department of health should interest themselves directly, both financially and otherwise, in the growing problem of venereal disease throughout the country. It is not necessary for me to tell the minister that under conditions of unemployment and underemployment, and under conditions of reduced income on the part of many of the middle and lower classes, there is a pressure which is greater than ever on the provincial clinics which have been maintained with some success—considerable success in many provinces. That strain, as the minister knows, has been very heavy owing to the fact that hundreds of people who formerly could afford to undertake private medical treatment now make application to the clinics, being unable to defray the cost privately. In view of the general conditions resulting from this state of affairs, and the conditions that will continue to result from want of adequate care of these cases, I would urge upon the minister that he give serious consideration to the proposal of the hon. member for St. Boniface, in the hope that next year if not this year there will be a large vote from this department for their responsibility in this matter.

Mr. MacLAREN: I shall keep the matter before me.

Mr. VENIOT: The minister did not give me the date that Doctor Peloquin was temporarily in charge at Tracadie.

Mr. MacLAREN: I have not the date here.

Mr. VENIOT: Will the minister obtain it for me and let me have it by communication?

Mr. MacLAREN: I certainly will.

Mr. ELLIOTT: How long has the lazaretto been in existence at Tracadie, what was the greatest number of patients afflicted with leprosy at any one time, and at what date? I gather from what the minister has said, and I believe it to be the fact, that there has been a diminution in the number of cases in Canada in recent years and that the disease is now regarded as controllable, from the point of view of preventing any contagion to attendants. I should like to know how long ago the institution was established and when it had the greatest number of patients; also how that number compares with the number to-day. I take it that the patients in British Columbia come practically entirely from boats and largely from the orient. That was the impression I gathered, and I also gathered that no new cases have broken out there among residents in Canada.

Mr. MacLAREN: I should not care to give the exact date as to how long ago the lazaretto was established there. There has been more than one in that neighbourhood. I think how-

ever it goes back to 1830; it may be 1844, I am not quite sure. There has been a diminution in the number of patients, but as I said a few moments ago most of the cases now there are cases that are sent from the eastern half of Canada, and they are not Canadian cases because they have not developed in Canada; they have just drifted in. Actually there are now very few so called Canadian cases that have developed in this country. The Chinese come from abroad; in fact, most of the cases in Tracadie have come from abroad. There are a few however that originated in the area I speak of, where the lazaretto now is, and that is the explanation of the lazaretto being there. In the British North America Act there is a section providing that one of the duties of the federal government shall be to provide and care for lepers in Canada.

Mr. ELLIOTT: What was the greatest number at any one time in Canada, and when?

Mr. MacLAREN: I am informed that the greatest number at any one time in Tracadie was twenty-eight. I think there were quite that number there in 1886.

Mr. VENIOT: And the number in Tracadie now is between nine and eleven?

Mr. MacLAREN: The total number of cases at Tracadie is ten, but I do not think that more than two or three are natives of New Brunswick. The others are from large centres like Toronto and Montreal.

Mr. VENIOT: In the past lepers have been received at Tracadie hospital from the British West Indies. I think we have had one or two Chinamen and also some Icelanders. Leprosy was first discovered in Gloucester county some eighty or ninety years ago. It was supposed to have been brought in by a ship-wrecked crew. That was before confederation and before the federal government took over the care of lepers, this service was provided by the province. At that time the lepers were stationed at Sheldrake island on Miramichi bay. They became somewhat disgruntled and revolted and burned down the establishment. After confederation the federal government took charge and a colony was established on the western shore of Tracadie harbour. In 1887 the government made a grant and the present lazaretto was constructed. At that time the occupants of this colony were mostly residents of Gloucester county but I am pleased to be able to say that leprosy has been almost entirely eradicated from this district. This has been brought about by medical treatment and the watchfulness upon the part of the officials of the federal government in following up suspected cases and, despite opposition, placing them in the lazaretto. As the minister has said, at the present time there are about ten inhabitants in the lazaretto and of that number, not more than two or three are natives of Gloucester. These are old people who have been in there for years. There have been cases of absolute cure. I know of one old lady who was declared to be cured. She lived outside the lazaretto for years but finally asked that she be allowed to return there in order that she might die in the place where she had received such wonderful care. The sisters were employed after the federal government took charge and have had charge of this colony ever since. This old lady to whom I refer had been a resident in the lazaretto for some twenty-five or thirty years but due to recent medical discoveries, a perfect cure had been effected. I am informed that there are other cases now in the lazaretto well on the road to absolute recovery.

Mr. McGIBBON: If there are only five cases in the institution in British Columbia, all from the orient, why could not they be deported or moved east in order that the institution could be closed?

Mr. MacLAREN: I think I indicated the reason a short time ago. With one exception, we have returned all that it was possible to return. Difficulty is placed against the return of the other inhabitants by the transportation company. If a man happens to be disfigured or his hands or face ulcerated to any great extent, it is not possible to have the shipping company accept him for transportation to China. There is one man who might be returned but he has been found to be very useful in looking after the others and making them comfortable.

Mr. McGIBBON: Could not they be moved east? Surely the difficulties of transportation could be surmounted.

Mr. MacLAREN: It is natural for one to ask why these people should not be sent back to their country of origin, but I hope I have explained the difficulties in the way. It would be very desirable if that could be done but due to the attitude taken by the shipping companies it has been found impossible to do so.

Mr. McGIBBON: Why not move them east and close the western institution? That would save some $80,000 a year.

Mr. MacLAREN: Would it? This is a question about which one has to know a good

deal before he can offer an opinion. How much does the hon. member think it would cost to transport a leper from British Columbia to Tracadie? Such transportation would involve a special car as neither the Canadian Pacific nor the Canadian National will allow such a case even in a drawing-room which is quite separate from the rest of the car and believed to be absolutely safe. But the fact is that they will not do so. This means there has to be an attendant. As hon. members seem to be really very much interested in this matter, let me give them our experience of the last case we sent to Tracadie. It will cost about $700 to send that one case there from Toronto. We have to be a little cautious about advocating economy on those rates. If you bring those five cases from the coast and place them in Tracadie, what guarantee is there that next week there will not be another case, because they are liable to occur anywhere in Canada amongst the Chinese, and then the same process has to be repeated? The department was carrying on prior to my time—and I am not taking any credit for this—and is continuing to act in the wisest, sanest and most economical manner possible.

Mr. ELLIOTT: I know there was an agitation some years ago to have all the lepers in Canada put in one place, and I think those in charge thought a certain quarantine station at Grosse Isle would be a suitable place. When you talk of sending lepers to any particular spot, you will find no enthusiasm on the part of the people of that district. I happen to know because I was in charge of that department at the time somebody suggested that being done and I quite agree with what the minister has said in regard to the inadvisability of attempting to move a patient affected with this disease either any great distance or from one station to another where there has not hitherto been a hospital for this kind of patient. It is a matter of great satisfaction to those in charge of the department from time to time that this disease is gradually diminishing and that the fear of contracting it is nothing like as great to-day as it was, say, twenty-five or thirty years ago. I do not think any good purpose will be served by attempting to move the patients who are now in Vancouver to Tracadie or any other place.

Mr. MacLAREN: Just to complete this subject, I should like to say that opinions vary in reference to the care of lepers. Everyone is agreed that under ordinary circumstances this disease is not contagious to any substantial extent. For instance, of all the sisters at Tracadie with all their contact, nursing, dressing wounds, and so forth, not one has contracted the disease. That is because they are careful and understand the matter. Recently letters have come to the department from quite an outstanding physician stating that we were too strict about this matter and that the act was too severe in calling upon those cases to go to a lazaretto. First, let me say that nearly all of the cases that I have seen in Canada, with perhaps one exception, are of poor people and they must be cared for in some way; second, if a subject of leprosy is able to care for himself in the way of a home and nursing, it seems to me that the most practical thing to do is to allow him to go to the lazaretto. Such a patient will have somebody with whom to associate, the opportunity of gardening, boating, fishing and be able to live in a more wholesome, natural and happy manner than if allowed to remain in some other place where the public would have fear of the disease.

Mr. HOWDEN: I should like to make a further observation on this appropriation. It is true that in the constitution of this country provision has been made for the care of lepers, but that constitution was framed nearly a hundred years ago. I should like to ask the Minister of Pensions and National Health whether he does not consider that there are other infectious diseases of a venereal nature which are much more important to the Canadian people in this day than the incidence of leprosy. I have been a medical man for thirty years in reasonably active practice and I have never come across a case of leprosy, but I should like to state to the minister that I find syphilis in about every tenth patient. This is a matter of vital importance to the Canadian people, and I have no hesitation in making that statement on the floor of the house. The vast majority of people never see leprosy; it is not a very important matter. I would not for a moment have the government of this country ignore it or not make for it the provision that they do, but I say without hesitation that so far as the health of the Canadian people is concerned, the discovery, cure and prevention of syphilis are infinitely more vital matters. There are couples who have married and raised large families of, say, six or seven children who have grown up imbeciles or something of the kind, and it is a fact that neither the parents nor anyone else realized that the trouble was due to this disease. This has been discovered probably only when it was too late to do anybody any good and possibly when the disease might have spread indefinitely. If the government of Canada feels disposed to curtail and, if possible, destroy infectious

diseases which threaten the health of the nation, the provinces are reaching out their hands for a little help in order to take the best and most efficacious steps that can be taken. The best we can do so far is to institute clinics. We have had two or three clinics which did splendid work in Canada until suddenly, almost overnight, the assistance from the federal government was shut off.

Mr. MacLAREN: It was not a sudden, but a gradual reduction.

Mr. HOWDEN: Well, it did not take very long to put an end to the grant. It has been ended for years although it was for a work that has not been exceeded in importance in this country. I desire again to urge the minister to confer with his colleagues in the cabinet in order that this matter may be seriously considered and that some assistance may be extended to the provinces so that we may once more, if possible, institute these venereal clinics.

Mr. MacLAREN: I am sure my hon. friend fully appreciates the difference between the two diseases. Leprosy is an obligation of the Dominion government to take care of.

Mr. HOWDEN: If the Dominion government had known as much about syphilis as about leprosy, that would have been a dominion obligation too.

Mr. MacLAREN: Please allow me to finish. We had no option in the matter. We did it in the case of leprosy because it was there for us to do, but venereal disease is not an obligation of the federal government. That is the difference.

Mr. HOWDEN: It should be an obligation of the federal government.

Mr. MacLAREN: The federal government made a grant, which was at one time very considerable, to assist in the treatment of venereal disease. That grant has gradually been decreased, but the grant was made originally to help the movement get on its feet. There is no obligation for us to continue. The cases are fundamentally different, but I quite sympathize with my hon. friend in the views he has put forward, and I shall bring them to the attention of my colleagues.

Mr. CARMICHAEL: I wish to bring to the attention of the minister a matter which might not strictly be considered a federal matter, but rather provincial, but yet I think the federal authorities would have at least some interest in it seeing that these items come under the heading of national health and the particular item we are dealing with deals with

[Mr. Howden.]

public health in other districts, among other things. The matter I wish to mention is the length of hours which nurses are obliged to work in taking care of the sick. I know that it is a provincial matter but I think it is worthy of being brought to the attention of the Minister of National Health. Our nurses in the various hospitals throughout the country are required to work twelve hours a day, from seven in the morning to seven in the evening, and the night shift from seven in the evening to seven in the morning, often with scarcely enough time to grab their meals while they are working. I have been connected with a hospital for several years, sitting on the board, and I have often wondered why our provinces do not take action and reduce the working hours of the nurses. Surely the health of these nurses should be considered. They have no labour organization like our masculine sex has to present their pleas and petitions even on the floor of this house, and try and get reasonable working hours. Generally speaking, men do not work more than eight hours a day, but here are young girls plodding away for twelve hours a day, and by so doing many of them ruin their health and prematurely shorten their days. Seeing that this comes under national health, I wonder if the minister would not think it worth while taking the matter up with the provinces, through the provincial departments of health, with a view to having the hours which the nurses are required to work brought down from twelve to, say, possibly eight hours a day.

Mr. MacLAREN: That is primarily a matter for the provinces. The question of the number of hours a day they should work would raise a very difficult question no matter under what authority it comes. Hosiptal orderlies of course, work similar hours, as well as that splendid branch of humanity, the medical men, although I am not making a personal reference there. The hours can hardly be avoided, but I may say for the comfort of my hon. friend that I appreciate what the nurses have to do, the long hours they have to work, and their faithful services, but in the majority of instances I believe that they have many opportunities to sit down and rest during their period of duty. It is not a continuous occupation like that of a girl in a factory. I should like first of all to have some helpful suggestion from my hon. friend. It is a matter that is brought to our attention frequently, although it is hardly in our field, but that of course does not prevent us taking a proper interest in the subject. Just at the moment I do not see any solution.

Item agreed to.

Immigration medical inspection, $141,500.

Mr. GARLAND (Bow River): Would the minister tell the committee why the expenditure is still so high? I understood that immigration had been reduced most materially and that the offices abroad had been closed, but here we are spending $141,500 for medical services in connection with immigration. Do we still keep a staff of doctors in England or where are these doctors who are being paid?

Mr. MacLAREN: The amount does seem considerable in view of the fact that immigration has been reduced so very greatly, but still it will be noticed that there is a decrease in the expenditure from last year, and the figures for the last few years, which I expect to have in a moment, will show a similar reduction. No matter how small the immigration, it is necessary to maintain a certain organization at the various seaports; in this country, at Halifax and Saint John, Quebec, Montreal and in the west. Then in Europe we have a medical office in London, with two medical officers, and one at Liverpool, Glasgow, Belfast, Paris, Hamburg and Antwerp, together with stenographic staffs. In 1928-29 we had twenty-nine medical officers overseas as compared with eight to-day, a reduction of twenty-one, and that of course means a material reduction in the expenditure. In the year 1931-32 the total expenditure in Canada, Great Britain and the continent was $178,947.13. That is as against $162,000 this year. In the year 1930-31 the total expense was $254,160.10. That shows a substantial reduction. If hon. members wish, I could give the items to show how that amount is made up. The estimates for this year for these medical officers and their staffs are as follows:

Salaries, $85,433.50.
Allowances, including clothing, $10,000.
Wages, $1,000.
Professional services, $1,000.
Equipment and supplies, $15,000.
Rent, $9,000.
Travelling and incidental expenses, $14,000.
Miscellaneous, $6,066.

Or a total of about $141,500.

Mr. GARLAND (Bow River): While I have no complaint with regard to the reduction in immigration explained by the minister, I do think that in view of the statements by this government to the effect that it intends very seriously and drastically to limit migration to this country under present conditions, there is not a valid excuse for an expenditure of $140,000 for medical inspection. I believe those offices at Antwerp and in European countries generally, outside of Great Britain, should all be closed. I strongly recommend to the minister that the closing of all European offices outside of those in Great Britain would be a great step in the direction of cleaning this matter up.

Mr. MacLAREN: That has not been overlooked by the department. The advice of the immigration department is asked concerning the number of medical officers who should be in Great Britain and on the continent. Within the last twelve months there has been a reduction of twenty-one medical officers. That is evidence of withdrawing with considerable speed. At the present time we have only one man in Paris, one in Hamburg and one in Antwerp. I am advised by the Department of Immigration that that is a minimum number which we should have at those points. Then, there are two in London, one in Liverpool, one in Glasgow and one in Belfast. That is a very small number, even with immigration where it is to-day. As we have come down to only eight officials on the continent and in Great Britain, hon. members must realize that the saving is very material. These medical officers are paid between $3,000 and $4,000 a year, with the addition of some living allowance. Therefore I believe I can assure the hon. member for Bow River that the matter is being considered from a practical standpoint, and staffs are being steadily cut down.

Mr. LUCAS: Has there been any reduction in the staff in Canada?

Mr. MacLAREN: There has been a small reduction; I may be in a position to give the figures later. The number employed is in proportion to the amount of work required to be done. There are always ships coming in to Halifax and Saint John. For that reason there must be officers at those points. During the summer months they come to Quebec, and provision must be made at that point.

While in the year 1931-32 we had forty men on the staff that number has been reduced by nine.

Mr. WOODSWORTH: I note from the report of the Department of Immigration and Colonization for the fiscal year ending March 31, 1932, that there were only 7,332 British immigrants from the British Isles and 4,123 from all other countries, other than the United States. That would mean that there were only between 11,000 and 12,000 immigrants, and it would seem to me that the staffs are still too large to handle only that number of people. Further, if the staffs on the other side are doing their work effectively it seems strange to me that we should still have a total rejection of 324 at ocean

ports for the fiscal year 1931-32. Would the minister explain why it is necessary to have so many people to handle so few immigrants, and if they are well handled on the other side why there are so many rejections on this side.

Mr. MacLAREN: I would suggest the number is very small. We have only four in the British Isles. People sail from many ports, and, if we have immigrants examined by our own medical men, I do not believe we could get along with a smaller number of officials. Were the 324 immigrants mentioned by the hon. member all coming to Canada?

Mr. WOODSWORTH: I have given the figures appearing in the report showing rejections at ocean ports, nationality and sex, for the fiscal year 1931-32.

Mr. MacLAREN: Let me say that all immigrants who come to Canada have not necessarily been previously examined. Those coming from Great Britain, and the parts of the continent I have mentioned, are examined. But, for instance, those coming from Norway, Sweden, or Denmark are not examined, and when they come to Canada a larger proportion of these are refused admission.

Mr. DONNELLY: What is the method of procedure in the examination of immigrants coming from the British Isles? Have we Canadian doctors there to examine them, or is there a roster of English doctors? What is the pay given to English doctors for examining immigrants?

Mr. MacLAREN: We have both plans; we have our own medical men and we have British medical practitioners on a roster. As I have mentioned several times, there are five Canadian medical men in Great Britain, but they cannot examine people from all over a large area, although they are located at the principal points; so they are supplemented by those from the roster. They are paid for the examination by the immigrant.

Mr. ROSS: At what points are Canadian medical examiners placed in Europe, and what amount of work have they done during the past year?

Mr. MacLAREN: There are in Great Britain two Canadian medical officers—

Mr. ROSS: On the continent.

Mr. MacLAREN: I will make a complete statement. There are two in the head office, one in Liverpool, one in Glasgow, and one in Belfast. On the continent: one in Paris, one in Hamburg, and one in Antwerp. As to the number of examinations, there has been a marked reduction. In 1929-30 they numbered 131,185; in 1930-31, 62,975; in 1931-32, 16,958. This year, with incomplete figures it is estimated that there will be 6,000 examinations.

Mr. ROSS: At what points were these examinations made?

Mr. MacLAREN: I cannot give the points I am merely mentioning our own medical officers.

Mr. ROSS: How many examinations did the man at Hamburg make?

Mr. MacLAREN: I am sorry, but I have not the figures here.

Mr. ROSS: I can hardly see the possibility of an examiner at Paris doing all the work for the southern part of Europe. If he cannot, of what use is he to this dominion? Do immigrants coming from Russia have to come to Antwerp or Hamburg to be examined, or does the medical examiner go to certain ports to examine?

Mr. MacLAREN: Only to some extent. For instance in Paris our immigration authorities wished us to have a medical man there to advise them.

Mr. ROSS: Why? How many have come from France?

Mr. MacLAREN: I cannot give the figures.

Mr. DONNELLY: What medical examination or inspection is made of American immigrants coming into this country, and where are they examined?

Mr. MacLAREN: As far as I know there is no difference in the examination. They are passed by the medical men as they come through.

Mr. DONNELLY: Where are they examined?

Mr. MacLAREN: They are seen by the medical officer, and if he is satisfied he lets them come through.

Mr. DONNELLY: Have we Canadian medical examiners at the line to examine them as they come through? I have never seen any. I have been at Canadian ports when immigrants were coming through and I have never seen any Canadian doctor or anyone else examine them. In my constituency a man who some time ago came into this country from the United States developed in the last few years an incurable disease and is a charge

on the municipality. I think it is the duty of the federal government to examine immigrants; if they are negligent, or have no medical examiner it is up to them to look after the patient, not leave it to the municipality.

Mr. MacLAREN: The system followed by the Canadian authorities is the same as that followed in the United States. While they are not actually examined, if there is a suspected case the immigrant is detained for examination by the medical officer. But examiners are not posted all along the border, either by us or by the Americans.

Mr. DONNELLY: I wish to lodge a protest. Where an immigrant comes into Canada from the United States and is accepted by the immigration authorities, and subsequently develops an incurable disease and becomes a charge on the municipality, the government should either have him deported or take care of the case.

Mr. MacLAREN: The hon. member understands, of course, that if a man is in such a condition that he should be deported, he can be sent back.

Mr. POWER: Since it would appear that we are not now encouraging immigrants, and we have heard on all sides that it is not the policy of the government to do so, I propose to move a reduction in this vote. I move:

That vote No. 212 (immigration and medical inspection, $141,500) be reduced by $100,000.

Mr. ROSS: I imagine this amendment would not have been moved if I had been able to get information—

Mr. POWER: We cannot get information, so vote for the amendment.

Mr. ROSS: I think we ought to wait until after six o'clock, and give the officials time to get the information. It was my intention, Mr. Chairman, in asking the questions I did, to obtain information that would enable us either to justify this estimate or to condemn it.

Mr. POWER: Condemn it.

Mr. ROSS: I think the officials should be able to tell us how much work these men at Paris, Hamburg, Antwerp and so on have done in a year, to justify their existence or the money they get. I may be stupid, but I cannot understand how a man in Paris can take charge of this southern part of Europe. Is he only there as an A.D.C. or an ornament to the office in Paris? I think that if we give the officials time to furnish the minister with the information perhaps there will be no reason for the amendment, and I suggest that we might wait until after six o'clock to find out what work these men have actually done, if anything. I have come across several cases in connection with which I think very good work has been done. I know of one case of trachoma which people have persistently endeavoured to get into this country, and I think you have an example in the west of one case that cost the department some $30,000 for treatment. So that if these men have done a certain amount of work in the way of prevention they have probably justified their existence and the money which we spend on them. It was with that idea that I asked the question as to what work had been done.

Mr. MacLAREN: The hon. member asked for the number of examinations. I cannot give information in regard to each individual; those details are not available. I suggest, however, that the hon. member read the last report of the department wherein he will find the particulars he wants. The number of British examinations by Canadian medical officers was 16,888, by roster doctors, the number was 7,817. This gives a total of 24,705. On the continent, the examinations by Canadian medical officers show very few there, and they are scattered; but they do manage to make examinations. For the year the total is 26,818.

Mr. POULIOT: In connection with these 26,000 cases, did the doctor take the blood pressure.

Mr. MacLAREN: Is the hon. member asking that question seriously?

Mr. POULIOT: I ask it with a smile but I am serious.

Mr. MacLAREN: The total examinations, both on the continent and British, number 51,523. There is an interesting figure at page 118 of the report. On the continent, in April of last year, there were 7,263 examinations. That is the evidence I would submit that these three medical men are as a matter of fact making examinations. Paris is one of the thoroughfares immigrants tend to pass through. I presume that the man in Paris does his share of the work. The examinations in April, as I say, numbered 7,263.

Mr. ROSS: Where were the 26,000 examined?

Mr. MacLAREN: That is the total for the year by Canadian medical officers.

Mr. ROSS: On the continent?

Mr. MacLAREN: Yes.

Mr. ROSS: I thought the minister said the number was 7,000.

Some hon. MEMBERS: Carried.

Mr. MacLAREN: No; it is not carried yet. I want to explain this important point and I want if possible to convince the hon. member for Kingston, which is no easy matter. With all respect to my hon. friend, I must say that the questions which he puts he generally contrives to make rather puzzling. According to the report of the department, which I have no doubt is correct, the number of examinations on the continent was 26,818. I think that is the question my hon. friend was asking. The total for Great Britain and the continent was 51,523.

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

VANCOUVER, VICTORIA AND EASTERN RAILWAY AND NAVIGATION COMPANY

Mr. G. M. McDADE (Northumberland) moved the second reading of Bill No. 48, to confirm an agreement made between the Vancouver, Victoria and Eastern Railway and Navigation Company and the Northern Pacific Railway Company.

Motion agreed to, bill read the second time and referred to the select standing committee on railways, canals and telegraph lines.

RAILWAY ACT AMENDMENT

The house resumed from Tuesday, March 14, consideration in committee of Bill No. 39, to amend the Railway Act (return tickets)—Mr. Jacobs—Mr. Bury in the chair.

On section 1—Return tickets good on railways between same terminals.

Mr. POWER: Perhaps this bill could be explained in the same manner as the Prime Minister (Mr. Bennett) and the leader of the opposition (Mr. Mackenzie King) explained the Pacific Science Congress.

Mr. MANION: After the very fine performance last night by the hon. gentleman I dislike objecting to anything which he proposes, but this bill impinges upon the whole question of cooperation covered by the main railway bill now before the house. I think this bill might wait for another year and, therefore, I move that the committee rise.

Mr. POWER: Is this the forerunner of amalgamation?

Mr. MANION: No, cooperation. I move that the committee rise.

Motion agreed to.

IMMIGRATION ACT AMENDMENT

The house resumed from Tuesday, March 14, consideration of the motion of Mr. Woodsworth for the second reading of Bill No. 43, to amend the Immigration Act.

The house divided on the motion (Mr. Woodsworth) which was negatived on the following division.

YEAS

Messrs:

Beaubien,	Luchkovich,
Bouchard,	Mackenzie (Vancouver Centre),
Brasset,	Neill,
Brown,	Reid,
Butcher,	Roberge,
Coote,	Spencer,
Dupuis,	Totzke,
Fiset, Sir Eugène,	Veniot,
Gershaw,	Woodsworth,
Kennedy (Peace River),	Young.—20.

NAYS

Messrs:

Anderson (Halton),	McGregor,
Barber,	Manion,
Bennett,	Plunkett,
Beynon,	Price,
Black (Halifax),	Robinson,
Bourgeois,	Rogers,
Boyes,	Ross,
Burns,	Ryerson,
Bury,	Sauvé,
Cowan (Long Lake),	Simpson (West Algoma),
Davies,	Smith (Victoria-Carleton),
Dickie,	Smoke,
Esling,	Spankie,
Fraser (Cariboo),	Spotton,
Gagnon,	Stanley,
Garland (Carleton),	Stevens,
Gobeil,	Stewart (Leeds),
Guthrie,	Stewart (Lethbridge),
Hanbury,	Stirling,
Hay,	Stitt (Nelson),
Johnstone,	Sutherland,
Loucks,	Thompson (East Simcoe),
Macdonald (Kings),	Wright.—50.
MacLaren,	
MacNicol,	
McDade,	
McGillis,	

Mr. HEAPS: I was paired with the hon. member for Lanark (Mr. Thompson). Had I voted I would have voted for the motion.

Mr. HANSON (Skeena): I was paired with the hon. member for Dauphin (Mr Bowman). Had I voted I would have voted for the motion.

Mr. POULIOT (Translation): I was paired with the hon. member for North York (Mr. Lennox). Had I voted I would have voted for the motion.

Mr. BRADETTE (Translation): I was paired with the hon. member for East Algoma (Mr. Nicholson). Had I voted I would have voted for the motion.

SUPPLY

PENSIONS AND NATIONAL HEALTH

The house again in committee of supply, Mr. Bury in the chair.

Immigration medical inspection, $141,500.

Hon. MURRAY MacLAREN (Minister of Pensions and National Health): I should like to give the committee some particulars that I now have in reference to the number of examinations held at the different ports in Great Britain and on the continent. I give first the figures for 1931-32:

City—	Number of examinations
London	720
Liverpool	415
Glasgow	799
Belfast	314
Paris	1,175
Hamburg	1,037
Antwerp	1,287

For the ten months ended the last day of January, 1933, the figures are as follows:

City—	Number of examinations
London	712
Liverpool	388
Glasgow	384
Belfast	193
Paris	994
Hamburg	794
Antwerp	511

Further, I should like to make this statement, which was not, I think, made this afternoon, that these officers have the care of two infectious diseases hospitals, one in Halifax and one in Quebec, both hospitals calling for medical service. I wish again to say that this department keeps in close touch with and acts on the advice of the Department of Immigration as to the necessary number of medical officers both in Great Britain and on the continent I might say further in reference to deportees that these officers examine such cases, and I have no doubt I have not exhausted the list.

The CHAIRMAN (Mr. Bury): The amendment is that vote No. 212 be reduced by $100,000.

Amendment (Mr. Power) negatived.

Item agreed to on division.

Civil Government — Pensions and National Health — salaries, $165,870; contingencies, $40,500.

Mr. GARLAND (Bow River): What are the duties of the large number of chemists, some ten in all, listed on page 88 of the details and drawing salaries totalling about $28,700?

Mr. MacLAREN: We have laboratories in various parts of Canada, two in Ottawa, and one each in Halifax, Montreal, Toronto, Winnipeg and Vancouver.

Mr. GARLAND (Bow River): What are these chemists doing?

Mr. MacLAREN: They examine food and drugs for adulteration.

Mr. GARLAND (Bow River): It is to these various laboratories that the samples are sent in by the departmental inspectors for chemical examination?

Mr. MacLAREN: They are referred to our laboratory at Ottawa or to the nearest laboratory, where the purity of the samples and the presence of adulteration in spices and foods and various other substances is reported on.

Mr. GARLAND (Bow River): What are the duties of the chief of division of child welfare?

Mr. MacLAREN: Her duties are largely of an educational character, to prepare for distribution leaflets and pamphlets on public health matters, and to cooperate with the child welfare organizations throughout Canada, and generally to further child and maternal welfare.

Mr. SPENCER: I understood that the vote for venereal diseases had been left out of the estimates, yet I see here a salary of over $4,000 for the chief of division of venereal disease control. I would like to know what this official has to do.

Mr. MacLAREN: This official is still in the department, which may be some encouragement to those who are encouraging the government to continue that particular vote. This is the officer who formerly supervised for the federal department the venereal disease problem and he still keeps it under observation. The fact that the government is not making a grant this year does not mean that this official has ceased to take an interest in the problem, for on the contrary he is observ-

ing it throughout the country. This officer has also other duties apart from those to which I have first referred, such as the physical examination of civil servants many of whom are sent to him for examination and report. Though the vote is not in the estimates this year, I can assure my hon. friends that the services of this official have not been precipitately disposed of.

Mr. SPENCER: I take it that this officer would from time to time get into touch with officials of the provinces who have to do with the control of venereal disease and collaborate with them in that regard?

Mr. MacLAREN: His duty in that sense is the same as that of the chief of the child welfare division, to cooperate and keep in touch with the provinces and be of as much assistance to them as possible.

Item agreed to.

Pensions—pensions payable to militiamen on active service, northwest rebellion, 1885, and general pensions, $25,000.

Mr. SPENCER: Will the minister explain this item?

Mr. MacLAREN: This is to meet the pensions principally of those who were in the northwest rebellion.

Mr. GARLAND (Bow River): How many pensioners are there?

Mr. MacLAREN: The total number of disability pensioners is 53 and there are 6 dependent pensioners. The number is naturally decreasing and the expenditure also.

Item agreed to.

Pensions—European war—naval, militia and air forces after the war, $45,000,000.

Mr. POWER: Will the minister give a general explanation of this vote before we start discussing it in detail? Perhaps he would give us information particularly with respect to the proposed pension legislation.

Mr. MacLAREN: Answering the last part of the question first, I do not think that I can inform the house of the proposed pension legislation until the bill is brought down.

Mr. POWER: With all due respect I submit this estimate should not be assented to until such time as we are familiar with the pension legislation. I do not know what other hon. members feel, but I believe we should not consider this large item of $45,000,000 until we know on what basis the money is to be paid out. If we are to believe the rumours which we hear, there are to be radical changes in the pension legislation. In all seriousness I suggest to the minister that the house not being informed concerning the proposed measure the government is bringing down, he would not serve any useful purpose by endeavouring to put the item through to-night.

Mr. MacLAREN: The hon. member for Quebec South need not be exercised over this matter. I believe he asks for something to which he is not entitled, namely a statement regarding amendments to be brought before the house. In my view such a statement would not be in order until the bill is presented. His request is entirely different from postponing consideration of the item or allowing it to stand. If my hon. friend will say, "It would be well for the item to stand", it will stand.

Mr. POWER: I think it would be well. We might as well let it stand voluntarily; there is no use getting into a row about it.

Mr. MacLAREN: There is no occasion to believe that suggestion would be resisted—not at all. If it is the wish of the committee, it will stand, without further difficulty. I trust that is satisfactory.

Mr. POWER: Quite.

Mr. HEAPS: Could the minister tell us why there is to be a decrease of $3,000,000 in the amount of pensions for 1933-34 as compared with 1932-33?

Mr. MacLAREN: I have just said to the hon. member for Quebec South that this item will be allowed to stand. For that reason I do not believe it advisable to deal with it piecemeal. When the proper time comes I hope to give to the hon. member for North Winnipeg all the information he desires. I believe we would do well now to take up vote No. 195.

Mr. BRADETTE: I should like to bring a local matter to the attention of the committee before the item is allowed to stand. One day last fall before the orders of the day were called I brought to the attention of the house the special case of private Joseph Hussin. I believe this is the proper time to discuss the matter.

The CHAIRMAN (Mr. Bury): If the item is to stand I think the hon. member should speak when consideration is resumed.

Mr. BRADETTE: Not necessarily.

The CHAIRMAN (Mr. Bury): If the item is allowed to stand until the bill is considered, there should be no further discussion at this time.

Mr. BRADETTE: I direct the attention of the committee to the matter of two returned soldiers; the sooner I put the circumstances before the house, the better it will be for the men concerned.

Mr. MACKENZIE (Vancouver): An item has been called by the minister. Unless it is retired by a vote of the committee, it is still open for discussion.

The CHAIRMAN (Mr. Bury): But the feeling of the committee, expressed very clearly, was that the item should stand.

Mr. MACKENZIE (Vancouver): Not all the committee.

The CHAIRMAN (Mr. Bury): If the item stands, the matter can be discussed when the item is under consideration.

Mr. BRADETTE: I refer to a matter which is very important to two returned soldiers in my section of the country. I believe the committee will be indulgent enough to allow me to state the circumstances. One day last fall before the orders of the day were called I directed the attention of the house to the case of Private Joseph Hussin.

The CHAIRMAN (Mr. Bury): Is it the will of the committee to hear this matter now?

Some hon. MEMBERS: Yes

Some hon. MEMBERS: No.

Mr. BRADETTE: If the committee knew the situation they would have no objection. I realize there is not one man in this committee who would want to do an injustice to the two men in question.

The CHAIRMAN (Mr. Bury): It is entirely a matter for the committee to decide.

Mr. MACKENZIE (Vancouver): Again I rise to a point of order. I submit the procedure is entirely irregular. The minister has offered an item for discussion in the proper way. Because one hon. member in the committee says "stand" is no reason why we should not continue consideration of the item. The hon. member is quite within his rights.

Mr. MacLAREN: At the request of the hon. member for Quebec South I said the vote would stand.

Mr. MACKENZIE (Vancouver): May I say to the minister that he and the hon. member for Quebec South are not ruling this committee?

Mr. GUTHRIE: The minister may have an item stand if he wishes.

Mr. BRADETTE: Surely the committee—

Mr. MacLAREN: I move that vote—

Mr. NEILL: The hon. member for North Timiskaming has the floor.

Mr. MacLAREN: I move that vote No. 80 stand.

Mr. BRADETTE: I have the floor, and I believe this is the proper time to speak.

The CHAIRMAN (Mr. Bury): The hon. member has not the floor until the question is settled as to whether or not the item shall stand.

Mr. BRADETTE: I believe I am absolutely in order.

Some hon. MEMBERS: Order.

The CHAIRMAN (Mr. Bury): The hon. member will be allowed to speak if it is the will of the committee that the matter shall be debated.

Mr. MACKENZIE (Vancouver): I rise to a point of order, and protest most emphatically against that ruling. Surely a member may speak to an item that has been called by a minister of the crown in committee of the whole. Surely he is not precluded from debate because some hon. member says "stand." Surely he is properly in order until the minister moves that the item be withdrawn from consideration, and is supported by a majority vote.

Mr. MacLAREN: I have made that motion.

Mr. MACKENZIE (Vancouver): But you are not in order.

Mr. BRADETTE: Mr. Chairman—

The CHAIRMAN (Mr. Bury): Would the hon. member kindly resume his seat until this matter is settled? The ruling of the chair is that it was not merely a matter of one or two members deciding the matter should stand; it was the wish of the committee.

Mr. MACKENZIE (Vancouver): No.

The CHAIRMAN (Mr. Bury): I declare that the item should stand; is that the wish of the committee?

Item stands.

The CHAIRMAN (Mr. Bury): I shall now call item 79.

Mr. MacLAREN: I understood that vote 79 had carried.

Mr. MACKENZIE (Vancouver): It carried last year.

The CHAIRMAN (Mr. Bury): It has not been put before the committee.

Mr. COOTE: We should have some explanation about item 79 in the estimates; it was not carried.

Civil flying—$1,000.

Mr. MacLAREN: Item 79 concerns compensation or pension for injuries resulting directly from a flight undertaken in the course of duty. The injury must be suffered while in the public service of Canada, by any person employed in the public service or employed under the direction of any department of the public service.

Mr. COOTE: Was there any money spent under this vote last year?

Mr. MacLAREN: Up to December 31, 1932, $207 had been expended.

Mr. HEAPS: In the case of accident to any person in the employ of the government, would such persons be entitled to compensation by the government? Is that the general policy of the government in that respect?

Mr. MacLAREN: If it is a case of civil flying, flying on duty.

Mr. HEAPS: Does this apply to all departments of the government? When a person is injured in the employ of the government does he get compensation?

Mr. MacLAREN: It applies to all with the exception of those in the flying corps—those in civil duty.

Mr. POWER: Is there a special rate of pension set up for civil flying?

Mr. MacLAREN: In computing the rates at which compensation is to be paid, the annual rate of the total emolument which the person was receiving from the crown at the date of the death or the injury in question shall be taken as a basis. That is to say, if $1,200 or less, the scale of pension shall be as provided for a private. If over $1,200 and not more than $1,800, the scale of pension shall be as provided for a sergeant—

Mr. POWER: But may I ask the minister, have we privates and sergeants and colonels in civil flying? We are talking about civil flying.

Mr. MacLAREN: It may be. It is based on the pay he is receiving at the time.

[Mr. MacLaren.]

Sir EUGENE FISET: Surely there is a mistake somewhere. When you called this item, Mr. Chairman, you said: civil flying, $1,000. Surely there is no question of pension in this vote; it must mean simply compensation for injury received while flying.

Mr. POWER: If you killed a general you would be out of luck.

Sir EUGENE FISET: There is no case of pension involved.

Mr. POWER: I think I must repeat my question, there is a mistake somewhere. The minister is giving the rate of pension based on military rank, and this is an item for civil flying, limited to $1,000. I did say jocularly that if you killed a general you would be out of luck; if it goes up on that scale—a private at $1,200, then a general would be given pension on the basis of $6,000 or $7,000 yearly. It would appear that if unfortunately a general fell out of an aeroplane there would be a deficit. I submit we are entitled to some accurate information.

Mr. MacLAREN: I can only tell my hon. friend the facts; the pension is computed on the amount of pay the injured person was receiving, on the basis I have mentioned.

Mr. POWER: Will the minister then keep on reading the rates of pension? He had got as far as a sergeant; I would be very much interested to find out about people higher up, and also how we get military grades in civil flying. Surely the committee is entitled to some information.

Mr. MacLAREN: I would refer the hon. member to P.C. 2187; I am quoting from that.

Mr. POWER: May I ask where that order in council is to be found, and if the minister will be kind enough to send us a copy before the item passes?

Mr. STEVENS: It is in the Canada Gazette.

Mr. MacLAREN: Certainly, I shall send it with pleasure. In the meantime I may say that the order has been in force since October 20, 1922.

Mr. POWER: It may have been in force since flying was invented, but that does not explain how we are basing pensions on military ranks when it is civil flying we are talking about. I understood the minister at the beginning of his explanation to say that this referred to flying other than military flying.

Mr. MacLAREN: I said civil flying, persons engaged in civil service occupations and not the flying corps.

Mr. POWER: Then is there a corps of civil flyers, graded according to military rank?

Mr. MacLAREN: It has nothing to do with the flying corps, but one can think of a civil servant proceeding on his duty in an aeroplane.

Mr. POWER: And called a sergeant? The minister started to read the scale of pensions, and as I understood him he said that if a man were a private there was pension on a certain scale; if he were a sergeant there was another scale.

Mr. MacLAREN: No, that is just what I did not say. Let me try to explain it to my hon. friend. I said it was based on the pay he was receiving, and I said his pension in that sense would correspond to what a soldier would receive, on that basis, up to $1,200; over $1,200 and up to $1,800; over $1,800, and so on. It does not mean that the man is a private or a sergeant; it means he is receiving such and such a rate per year as his pay. Then in case of accident—fortunately there have been almost no accidents—they base it on that scale.

Mr. POWER: Now I understand.

Item agreed to.

Salaries and contingent expenses of the Board of Pension Commissioners for Canada, $467,436.

Mr. BRADETTE: I would call the attention of the minister to the case of a great war veteran in my riding. This is a non-political matter and I think it is deserving of the attention of parliament. Last fall I brought to the attention of the minister the fact that this man was not receiving the attention he deserved from the pension board, and which he asked for two years ago. He was an early volunteer, a Belgian by birth having his domicile in Canada. At Valcartier he was inoculated, and following inoculation one arm became useless and has been useless ever since. Owing to this bad arm he had no active service overseas. When he was discharged he went on his farm in the Porcupine district and there for sixteen consecutive years carried on the work of a pioneer settler and farmer, never asking any help from the government. But two years ago, after putting up this long struggle, he realized that he could not support his family on his holding, and he then made application to the pension board to have his arm examined. Last fall, when I brought that matter to his attention, the minister was kind enough to refer it to the board. Under the orders of the pension board Private Hussin was sent to the Christie street hospital in Toronto—that was the second time. There his trouble was diagnosed as hysterical paralysis. He was discharged as cured of this ailment and returned to his holding, and after trying to carry on for a number of months he was unable to support himself and had to receive relief. Throughout that time he has suffered untold misery and has had great difficulty in keeping his family. Now, I have every confidence in the medical men, but I may tell the minister that in my section of the country we strongly resent the conclusion reached by the medical board as a result of their examinations. The man undoubtedly suffered from the electrical treatment he received when he went to Christie street. I would ask hon. members to read the editorial articles that have appeared in connection with this case in the Porcupine Advance, as well as articles published in the Globe, and they will see that what I have said is fully corroborated by these newspapers. They urge, not so much upon the government as upon the Board of Pension Commissioners, the reopening of the case.

It is really a sad spectacle, and although I am a poor man I would gladly pay the travelling expenses of this unfortunate ex-soldier to have him brought before a committee of this house so that the medical men and the members here could see for themselves just what his condition is, because there is no doubt whatever that the man is absolutely helpless. He is entirely without the use of one arm and is utterly unable to get employment in the mines, nor is he able to work on his own farm. I have no hesitation in mentioning these facts because I think it is important for the house to have the information. I know the minister is sympathetic to the case, as will be seen in the fact that only last fall he found it advisable to send the man back to Christie street hospital.

I repeat, I would gladly pay all expenses of this man in order to have him appear before a committee of the house. If hon members could see him they would agree with me that he is not a hypocrite; he is not play-acting but is actually a cripple. To send him back to Christie street would be a crime. He is afraid of the treatment he received there, and he knows from past experience that he cannot be cured of his present ailment.

Mr. STANLEY: I would point out to the hon. member that at Christie street hospital they have all the means of making a thorough examination, and after going fully into the case they made their diagnosis.

Mr. BRADETTE: The diagnosis was wrong; I defy anyone to dispute that. We are intelligent people in our section of the country and we are convinced that this man has not received fair treatment. It is therefore my bounden duty to present the case to the committee. I know that within the four corners of the act there was room for fair treatment of this man's case. The people in my part of the country are of the opinion that we should have the whole list of pensions paid to the war veterans. I do not think we shall get it, but it seems that because this man has been able to carry on for a number of years the medical board has come to the conclusion that he is not entitled to consideration. That is why I protest against the treatment he has received, and I appeal to the fair-mindedness of this house whether it is not simple justice to have the case reopened so that this man may receive the pension he deserves.

I can assure the minister that the case is not by any means settled so far as the people in that section of the country are concerned. This man is entitled to fair treatment. He enlisted in the war and gave his services to the country and, I say, it is my duty to bring his case before parliament. I know that the Minister of Health has been trying to deal fairly with these cases, but I must tell him in all frankness that we are not satisfied with the present situation so far as this case is concerned. Some remedy should be found for this man's condition. I have sufficient confidence in the Board of Pension Commissioners and in the minister himself to believe that this matter will be taken up again, not in two or three years' time, not in two or three months, but immediately. If the minister wants the newspaper articles to which I have referred I will send them to him, just as I did last fall. Strong editorials have appeared in the Porcupine Advance, an independent Conservative newspaper which has taken up this question. That newspaper has discussed matters pertaining to northern Ontario and has always kept its articles on a high level. It does not play politics, and there is certainly no room for politics in this particular matter. It is one in regard to which the house should be properly seized of the facts.

Hon. members may say that this is only an individual case, but I would remind them that individuals make up the collective community. I know that some veterans who have not suffered nearly so much as this man have received compensation from the board, and were entitled to it. We are satisfied that they should have received the compensation they were given, but it is our opinion that there should be a general rule applicable to all alike. And this applies more forcibly to the case I have just brought to the attention of the minister.

There is one more case which I wish to deal with on this occasion. I refer to private H. H. Joanisse, of Cochrane. He appealed to the board a few months ago but his appeal was rejected last January. This returned soldier went overseas and is now suffering from a heart attack. He has also defective eyesight and this makes it impossible for him to engage in any remunerative occupation. I plead now with the minister to acquaint himself with all the facts in connection with these two cases, because, I cannot repeat it too often, it is my solemn duty to bring these matters to the attention of the house so that these men may receive that treatment to which they are entitled.

Mr. MacLAREN: I recall fairly well the case referred to by the hon. gentleman; it has been declared to be a case of hysterical paralysis. Apparently the hon. gentleman disagrees with that diagnosis, but that is the considered opinion of the medical examiners. However, I shall ask to have the whole matter reinvestigated, but I do not wish my hon. friend or others to consider that appeals should be taken to the minister to have these matters put right. That is not the province of the minister, nor is it in his power; and I do not know that it is desirable that it should be. It is a matter that rests with the pension board, the tribunal, and the pensions appeal court. They are independent bodies. They were created so with a special object in view, namely, that they should be free to form their own opinions and not be influenced by others. That is the position, and I fancy that when my hon. friend thinks it over he will agree that he is taking fairly strong ground when he suggests that all these medical men are wrong and he is right. There is of course always a possibility of error, but as I recall it, this case was sent to Christie street hospital; an examination was made by a large number of medical men, and there it was the consensus of opinion that it was hysterical and not actual paralysis. I cannot say anything more about the matter, but I will ask that it be again gone into. I repeat, however, that I do not wish this to be interpreted as an opinion on my part that they were wrong or anything of that kind; on the contrary I know that the matter has been carefully studied for a considerable period.

Mr. BRADETTE: I want to add another word. I am prepared to make the statement outside parliament that in this case the doctors were wrong. In the first place, they were not unanimous in their diagnosis. One doctor, indeed, reported that the condition of the man was pitiful, and the final word of the Board of Pension Commissioners was that he was suffering from hysterical paralysis. The diagnosis has now been changed to that of malingering. They have no right to make such a statement in connection with this man. There is no hypocrisy about him and he was not trying to malinger. I do not understand why that was said about this man. Surely parliament shoud be able to deal with this matter if these doctors or the commission cannot. Considerable dissatisfaction has been caused in my section of the country by this judgment. I am not a medical man but I know it would be impossible for Private Hussin to do any work. That would be impossible because one of his arms is absolutely helpless. Five hundred doctors could not make me think that that man can use his arm. There was no need to use the word "malingering."

Some hon. MEMBERS: Oh, oh.

Mr. BRADETTE: Some hon. members may think it is all right to laugh, but they have the full use of their limbs and are enjoying good health. This is no laughing matter to a man who enlisted and has been suffering for years. This man was vaccinated and inoculated; by that medical action he practically lost the use of one arm, making it impossible for him to provide bread, clothing and shelter for himself and his family. As far as I am concerned, I feel it to be my duty to bring this situation before the house as often and as forcibly as I can. I repeat that I am prepared to pay the expenses of Private Hussin so that he may appear before any committee of this house when the medical men and members of the house can then see that he is unfit to do any manual work and should receive a reasonable pension.

Mr. MACKENZIE (Vancouver): The minister stated a few minutes ago that he himself did not have any power in these cases because tribunals had been established in Canada to deal with pension applications. I desire to take this opportunity of drawing to the minister's attention five outstanding pension cases which do not come within the category of the reply made by the minister to the hon. member for North Timiskaming (Mr. Bradette). I should like to refer to the report of the committee appointed to investigate into the administration of the Pension Act and to quote the findings of at least a section of that committee in regard to these cases. This section of the report is signed by General Ross, Mr. Myers, Mr. McDonagh and Colonel Wood, and reads as follows:

> Another matter to which our attention was drawn refers to five applications in which entitlement was recommended by the old Federal Appeal Board. The Board of Pension Commissioners took exception to the jurisdiction of that board to give entitlement in these cases. However, the judgment of the board which is in effect a judgment of a court of record, has never been set aside, and according to the record, these men should be entitled to receive the moneys awarded to them. We did not go fully into the cases as they could not be considered within the scope of our inquiry, but the attention of the government is drawn to the matter as a source of irritation making it difficult for the pension machinery to function smoothly. I submit that it is the duty of the government either to have the judgment of the Federal Appeal Board set aside if it is in fact in error, but if not, it stands as a judgment in favour of the men and should be carried out. Such irritations do more to interfere with the smooth operation of an organization than anything else that can be imagined.

Parliament is the last resort for cases such as these. The minister has refused to pay pensions in these cases, the Board of Pension Commissioners has refused to pay pensions—

Mr. MacLAREN: Upon what authority does the hon. member say that I refused to pay pensions in these cases?

Mr. MACKENZIE (Vancouver): I shall be very glad to be corrected if I am wrong, but I believe my facts to be absolutely beyond question.

Mr. MacLAREN: The hon. member made a statement and I am asking him to prove it.

Mr. MACKENZIE (Vancouver): I am going to proceed with my speech and give the actual facts. If the minister can question my statements, I shall be glad to be corrected.

Mr. MacLAREN: I question what the hon. member has just stated.

Mr. MACKENZIE (Vancouver): I say that the department over which the Minister of Pensions and National Health presides is the department which should and does pay pensions to successful applicants throughout Canada. Is that not a correct statement?

Mr. STANLEY: That is not what you said before.

Mr. MACKENZIE (Vancouver): If I misled the minister I shall be very glad to withdraw my previous statement. I say that the

Department of Pensions and National Health and the Board of Pension Commissioners have refused to pay a pension in any one of these five cases. I trust that that is a fair statement, and I think the minister will agree with me.

Mr. MacLAREN: I say that that is not correct and I do not wish the hon. member to repeat that statement.

Mr. MACKENZIE (Vancouver): I am making a statement.

Mr. MacLAREN: I say it is not correct and I ask that it be withdrawn.

Mr. MACKENZIE (Vancouver): I say it is correct.

Mr. MacLAREN: Mr. Chairman, I appeal to you.

Mr. MACKENZIE (Vancouver): Will the minister allow me to proceed?

Mr. MacLAREN: I wish to challenge what the hon. member has said.

Mr. MACKENZIE (Vancouver): Go ahead.

Mr. MacLAREN: I ask that the hon. member withdraw that statement.

Mr. MACKENZIE (Vancouver): I will not withdraw that statement. I state upon my responsibility as a member of parliament that the Department of Pensions and National Health has refused to pay a pension in these five cases although a pension was granted by a superior tribunal then functioning in the Dominion of Canada. The exchequer court, to which the case was referred in 1930, declared that that court had full jurisdiction to hear these appeals.

Mr. MacLAREN: Will the hon. member let me clear up this matter?

Mr. MACKENZIE (Vancouver): Let me clear it up.

Mr. MacLAREN: You may not.

Mr. MACKENZIE (Vancouver): Have I not the floor?

Mr. MacLAREN: I think—

The CHAIRMAN (Mr. Bury): The minister is preparing to answer the hon. member.

Mr. MACKENZIE (Vancouver): He can answer me when I have concluded my remarks.

The CHAIRMAN (Mr. Bury): He rose to answer the hon. member.

Mr. MACKENZIE (Vancouver): He cannot interrupt except with my permission.

[Mr. I. A. Mackenzie.]

Mr. MacLAREN: I rose to a point of order to state that the hon. member did not make a correct statement.

The CHAIRMAN (Mr. Bury): The hon. member has not finished his remarks?

Mr. MACKENZIE (Vancouver): I certainly have not, I have hardly begun. I desire to go through the facts in these cases and deal only with such facts as I believe to be true. I shall first give a brief resume of the case of William D. Skitch, number 43,503.

Mr. STANLEY: The hon. member's statement is incorrect.

Mr. MACKENZIE (Vancouver): I think my hon. friend will agree that it is correct. If the statement is found not to be correct I will agree to withdraw it. I say that the minister as head of the Department of Pensions and National Health has refused to pay pensions in these cases. Skitch went overseas in October, 1915, with the 50th battalion from the city of Calgary. He arrived in France in December, 1917, and was sent to hospital because of a wound in the right leg. He returned to Canada on April 29, 1919, but his wound never healed and he died in September, 1921. He was survived by a widow and one son born on June 20, 1920. He received a pension from the date of his discharge from the army up until the time of his death. In 1922 his widow applied for a pension which was refused by the Board of Pension Commissioners. Her appeal came before the federal appeal board, the old board in operation before the new organization was consummated in 1926, and entitlement was considered on that occasion. The pension board refused to pay the pension upon the ground that the federal appeal board had exceeded its jurisdiction in dealing with the case. This particular case came before the parliamentary committee which sat in 1928 to revise the Pension Act. Many hon. members will remember that a reference was made to the Exchequer Court of Canada upon the question of jurisdiction, that is, decide whether or not the federal appeal board had proper jurisdiction to hear this appeal in the manner in which it was heard. The case was referred to the Exchequer Court of Canada in May, 1929, and in December, 1930, the Minister of Pensions and National Health applied to the Exchequer Court of Canada to withdraw the reference which had been made in 1929. I believe the reason for that, although the minister may be able to explain, would be the new legislation of 1930, which, as hon. members are aware, practically changed the entire basis of pension administration in the Do-

minion of Canada. In 1931 the reference was heard by the exchequer court, which held that the federal appeal board had jurisdiction to entertain and determine the appeal mentioned in the reference at the time it heard and determined the same. I trust that this is quite clear. After that decision of the Exchequer Court of Canada, application was made to the Department of Pensions and National Health for the payment of the pension which was found by the federal appeal board to be due to W. D. Skitch at the time the appeal was made.

Mr. HANSON (York-Sunbury): Would the hon. member give the citation of the exchequer court?

Mr. MACKENZIE Vancouver): I shall be glad to send both reports to my hon. friend.

Mr. HANSON (York-Sunbury): I should like to read them.

Mr. MACKENZIE (Vancouver): There are two different citations. The Board of Pensions Commissioners replied—and I have their reply before me—as follows:

Dear Sir:

I am instructed to refer to your letter of the 17th ultimo, addressed to Colonel the Hon. Murray MacLaren, relative to claim for pension in this case, and to inform you that, while the judgment of the exchequer court to which you refer was to the effect that the federal appeal board had jurisdiction to deal with claims of this nature, the judgment in question made no order regarding payment.

It would appear that the only action which may be now taken in this case is for the applicant to renew her application as provided for by the 1931 amendments to the Pension Act.

May I point out as fairly as I can—and this is for a thirteen year old boy now living in Victoria, British Columbia—this was a judgment rendered by what was at that time the ultimate tribunal in regard to pension legislation in this dominion, and a verdict was given to the widow and to the little boy who was then a baby and who is now thirteen years old. That boy has not to this day received payment of a single cent of pension, because the department or the Board of Pension Commissioners has refused to implement the decision of the federal appeal board as interpreted, if you like, by the Exchequer Court of Canada.

Mr. CAHAN: Will the hon. gentleman allow a question?

Mr. MACKENZIE (Vancouver): Yes.

Mr. CAHAN: Will the hon. gentleman explain how the minister of that department, in view of that answer of the board, could himself authorize payment? By what authority could he do so?

Mr. MACKENZIE (Vancouver): If the Department of Pensions and National Health had wished—may I put it in that way as fairly as I can?—to make payment of pension in any of these five cases which are known in Canada as "the disputed cases," they could have applied to parliament for authority, and I am sure that every humane hon. gentleman opposite would have immediately insisted on having the pension paid where the highest court functioning at the time—

Mr. CAHAN: Will the hon. gentleman allow another question?

Mr. MACKENZIE (Vancouver): Certainly.

Mr. CAHAN: As the hon. gentleman says, there is always an appeal to parliament, but under the statute law, as it existed at that time, I suggest that the minister had no personal jurisdiction in the matter.

Mr. MACKENZIE (Vancouver): I think my hon. friend is correct in that, because there was a change made.

Mr. CAHAN: Certainly.

Mr. MACKENZIE (Vancouver): My hon. friend is quite correct. At the time this judgment was awarded, the authority to make payment of pensions was with the Board of Pension Commissioners.

Mr. CAHAN: Quite so.

Mr. MACKENZIE (Vancouver): Since then that authority has been transferred from the Board of Pension Commissioners directly to the Department of Pensions and National Health, so that if the argument of the Secretary of State were sound prior to a certain time in the past, it has not been sound for some considerable time, because I suggest to him that the Department of Pensions and National Health have every possible authority to make payment of these pensions when they are due and payable and when they have been found to be due and payable and authorized by the Exchequer Court of Canada.

Mr. CAHAN: When they are authorized under the law, in accordance with the law.

Mr. MACKENZIE (Vancouver): Without disrespect, may I say I think my hon. friend is indulging in legal subtleties. Let us take a broad view of the case.

Mr. CAHAN: Parliament may take that view.

Mr. MACKENZIE (Vancouver): I am coming to that point. We have five applicants who made their applications to what was in those days the court of first instance, namely, the Board of Pension Commissioners. That board turned them down, not, I admit, on the same ground in every case. In each case an appeal was made and in each case the court of last resort said that the pension was properly due to each of these five applicants. After that, the Board of Pension Commissioners, in most cases on the ground of a change of diagnosis, took the view that they would refuse to implement the judgment of the supreme tribunal. A reference was made to the Exchequer Court of Canada as to whether the appeal board then existing had full and ample jurisdiction to make the decision it made with regard to these cases. After that higher court made a finding with regard to these cases, the Board of Pension Commissioners, while having, I admit, power to pay pensions, refused to pay a cent of pension in these five cases.

Mr. CAHAN: Does my hon. friend not admit that his present statement entirely exonerates the minister personally?

Mr. MACKENZIE (Vancouver): I am coming to that. I had no intention in the world of making any reflection on the minister. I refer to the Department of Pensions and National Health. The only person to whom we can appeal in parliament is the minister responsible for that department, and I say that once the power of paying pensions was transferred from the Board of Pension Commissioners to the Department of Pensions and National Health, the minister or the department could have come to parliament. A similar course was taken this afternoon for a man named Campbell in regard to a claim he had for reparations for service on an English trawler, and we awarded in this house, with great sympathy for such a case, the sum of $1,000.

Mr. MacLAREN: What is the hon. member's authority for stating that the power was transferred from the board to the department?

Mr. MACKENZIE (Vancouver): I shall be glad to give that. If the minister will read the evidence of Captain Hodgins at the recent investigation into the administration of the Pensions Act, I think he will find that this statement was made by several of the witnesses. I shall refer my hon. friend to the evidence given by Captain Hodgins.

[Mr. I. A. Mackenzie.]

Mr. MacLAREN: There must be something more convincing than simply the statement that some witnesses gave that evidence.

Mr. MACKENZIE (Vancouver): Is Captain Hodgins not the official accountant of the minister's department?

Mr. MacLAREN: Certainly.

Mr. MACKENZIE (Vancouver): Well, he is the man who made the statement.

Mr. HANSON (York-Sunbury): The minister is asking: What is the law? Where is the authority in law? That is the point.

Mr. MACKENZIE (Vancouver): That has been part of the trouble in this matter all the way through. I am appealing on the ground of equity, on the fact that the highest tribunal then appointed by this parliament, wisely or unwisely—I am not criticizing or commenting on that at all—awarded a pension in each one of these five cases. A question was raised by the Board of Pension Commissioners in regard to the matter of jurisdiction. That question was settled by the judgments given by the exchequer court, which judgments I have cited to my hon. friend. That court held that the federal appeal board had complete jurisdiction. If my hon. friend would like me to read the evidence, it will be found that Mr. Justice Audette, who was an eminent judge of the Exchequer Court of Canada, repeatedly throughout the evidence in the inquiry, criticized the present chairman of the Board of Pension Commissioners for having defied the mandate of a superior court. The trouble all along has been as to finding out who was the proper official to undertake the actual payment of these pensions when found due. That is why I am bringing the matter before parliament. I agree with the minister that any case which can be referred to the existing tribunals should not be brought before the house, because those tribunals are intended to be the functioning machinery in such matters. But these cases have already been given the judgment, the finding. My hon. friend will understand the Latin motto: Transit in rem judicatem. My hon. friend may say: Why do they not appeal again? Why does not this little boy, now thirteen years old, and the other applicants, lodge an application before the pension board again and go from them to the new tribunal and from them to the appeal court? That is the argument that is used occasionally in this evidence which I have in my hand, but I ask the Secretary of State, who is an eminent lawyer, is it a matter of equity and justice for five claimants to a pension who have had a

decision given in their favour by what was then the highest court in regard to pensions in this dominion, to be compelled to start all over again and possibly take two years to run through the whole gamut of uncertainty that lies in pension administration at the present time?

Mr. CAHAN: Since the hon. member put that question to me I should like to answer it, and I will answer it in this way: In the meantime the law of this country in regard to pensions has been changed, and the new tribunal found that under the law as then existing they had no power to order payment.

Mr. MACKENZIE (Vancouver): Oh no, that is entirely wrong.

Mr. CAHAN: I beg my hon. friend's pardon; the new tribunal absolutely refused to order or authorize payment in these cases.

Mr. MACKENZIE (Vancouver): No, they say the Board of Pension Commissioners—

Mr. CAHAN: I am talking of the Board of Pension Commissioners.

Mr. MACKENZIE (Vancouver): Please do not call them the tribunal because that is an appeal court from the board.

Mr. CAHAN: Well then, take an appeal if there is one.

Mr. MACKENZIE (Vancouver): There you are again—take an appeal! Here are five people who have had these judgments given in their favour for five, six or seven years by the highest pension tribunal then existing, and my hon. friend says: Take an appeal. These people have their judgments, and they cannot obtain payment of the pensions because the chairman of the Board of Pension Commissioners has resisted paying them pensions all the way through. I say that if the government can give an allowance to this man Campbell for whom we passed a vote this afternoon—I am not criticizing the government for doing that at all; I think they acted properly—for injuries he received presumably while serving overseas, surely similar action can be taken in these five Canadian cases.

Mr. CAHAN: It is proper to appeal to parliament, but it is not a proper ground for condemning the minister.

Mr. MACKENZIE (Vancouver): I am appealing to parliament now.

Mr. CAHAN: But you make that a ground for condemning the minister in the administration of his office.

Mr. MACKENZIE (Vancouver): I do not condemn the minister. I condemn the department for not paying pensions in these cases But if my hon. friend takes the ground that the department could not pay pension in these cases, I am content to disagree with him, and to bring my appeal from the Department of Pensions and National Health to parliament, because after all this is the court of last resort.

Mr. STEVENS: May I ask a question to clear up one point which I think is rather important? When the appeal was lodged with the exchequer court, did not the exchequer court in its decision say that it was proper for the court of appeal that preceded it to hear the case, but that the ground upon which the commission refused to pay was that the appeal court had changed the diagnosis? But that latter point was never before the exchequer court itself for decision.

Mr. MACKENZIE (Vancouver): My hon. friend is partly right and partly wrong. He is correct in saying that the exchequer court gave that ruling, but they went further and said that as long as they had not heard any evidence that was not on the record before the Board of Pension Commissioners they were quite entitled to make the decision they did even if the diagnosis was changed. I have seen the two decisions of the exchequer court. One was on a reference by the minister in which he applied to have a previous reference in 1919 withdrawn, and the exchequer court refused leave to withdraw it; and the other decision was in this Victoria case which I have mentioned to the committee. The language of Mr. Justice Audette all through this evidence is very forcible and condemnatory—I do not want to read it unnecessarily—of the present chairman of the Board of Pension Commissioners. His language is very strong indeed. In this evidence taken before the Rinfret committee over which Mr. Justice Audette later presided, you find Mr. Justice Audette condemning the Board of Pension Commissioners for not having paid pension in these cases.

I am just putting these cases forward as a matter of equity. I think my hon. friend will agree that these five people have a claim. They won their pensions in the highest court there was. Then we changed the legislation in 1930 and set up new machinery, but the exchequer court held that the fact that we changed the machinery in 1930 should not be held to prejudice the claims already established by those who had won their cases back in 1924 or 1925.

Mr. CAHAN: Did the exchequer court hold that?

Mr. MACKENZIE (Vancouver): Yes indeed. You will find that in the evidence and in the judgment.

Mr. CAHAN: I would rather find it in the judgment than in the evidence.

Mr. MACKENZIE (Vancouver): They held that the change in the legislation did not change the status of those who had obtained judgment in their favour. In these five cases the claimants have been absolutely locked out; they do not know where to turn for a remedy. The department says: We will not pay. They were ordered to pay by the decision of the exchequer court in 1931 and 1932, but both times payment was refused. When it is suggested that these claimants should now start all over again with the new machinery, I submit with all deference that that is scarcely fair. I do not know just how we can deal with these cases as a committee of parliament, but at least the government could take action as it did this afternoon in the case of Campbell. I think we should take cognizance of these judgments as a matter of judicial decision and act upon them and do justice to these people who really deserve justice. This little boy has been without pension since 1921, and he should have had a pension since he was a child. He is now more than twelve years old and he has not received a cent from the dominion. I know that it is not the proper procedure as a rule to bring up individual cases in parliament, but these particular cases are locked out from any other remedy except what can be afforded by the high court of parliament, and I feel that it is my duty to bring them to the attention of parliament. Here we have the judgment of the exchequer court, the judgment of the federal appeal court, the two references to the exchequer court, the evidence and the very strong and expressive language used by the chairman of the Rinfret committee, Mr. Justice Audette, practically saying that it was a shame that these pensions were not paid. Now if there is a grievance surely this house can remedy it; if there is a wrong surely we can put it right.

Mr. CAHAN: Certainly.

Mr. MACKENZIE (Vancouver): And I am now appealing to parliament to do so.

Mr. CAHAN: I understood the hon. gentleman to condemn the minister by reason of—

[Mr. I. A. Mackenzie.]

Mr. MACKENZIE (Vancouver): No, Mr. Chairman, I give you my fullest assurance that there was no intention on my part to condemn the minister.

Mr. CAHAN: That was the only ground upon which I intervened.

Mr. MACKENZIE (Vancouver): I had not the slightest intention of condemning the minister. I submit that these five cases should have the immediate attention of parliament. If the government itself cannot act, parliament can act, and we can deal with these cases in the supplementary estimates on meritorious or compassionate grounds, on the same basis as we dealt with the Campbell case this afternoon. But personally I regard it as a matter of strictly legal right that these people should receive a pension. Already it has been established that a pension is due, but we cannot establish who is the proper officer to pay the pension in each case. I appeal to the minister and to the Secretary of State to take notice of these decisions and to see that justice is done in these five cases which were decided favourably to the applicants by the then existing highest pension tribunal in the dominion.

Mr. MacLAREN: The hon. member for Vancouver Centre has stated that the method of payment had been changed and that what was formerly done by the pension board was now being done by the department. Let me put the matter as it is, because I think that the hon. member has fallen into some error. The same system is pursued to-day as was pursued in 1921. There is no change. Secondly, the department does not pay these pensions of its own motion and of its own authority. The department issues the cheques, but on the authority of the pension board. I think that is a plain statement, and it is not in accord with what my hon. friend from Vancouver Centre evidently thought at the time. Next I would say that this whole matter was referred to the Department of Justice, and the procedure and action taken was in accordance with the advice of the Department of Justice. Finally, I shall look into the case again and see if anything can be done.

Mr. ROSS: May I ask the hon. member for Vancouver Centre, who brought this matter up, if this was considered by a part of the general committee which probed administration during the summer?

Mr. MACKENZIE (Vancouver): The entire committee.

Mr. ROSS: Were they a separate committee?

Mr. MACKENZIE (Vancouver): No.

Mr. ROSS: In what way have they acted?

Mr. MACKENZIE (Vancouver): I read the paragraph to the committee when I commenced my remarks; perhaps the hon. member was not in his seat. It is as follows:

> Another matter to which our attention was drawn refers to five applications in whcih entitlement was recommended by the old federal appeal board. The Board of Pension Commissioners took exception to the jurisdiction of that board to give entitlement in these cases. However, the judgment of the board which is in effect a judgment of a court of record, has never been set aside, and according to the record, these men should be entitled to receive the moneys awarded to them. We did not go fully into the cases as they could not be considered within the scope of our inquiry, but the intention of the government is drawn to the matter as a source of irritation making it difficult for the pension machinery to function smoothly. I submit that it is the duty of the government either to have the judgment of the federal appeal board set aside if it is in fact in error, but if not, it stands as a judgment in favour of the men and should be carried out. Such irritations do more to interfere with the smooth operation of an organization than anything else that can be imagined.

Mr. ROSS: Who is the "I"?

Mr. MACKENZIE (Vancouver): It is signed by four gentlemen, namely, Alexander Ross, Richard Myers, Frank G. J. McDonagh and W. C. Wood.

Mr. HANSON (York-Sunbury): From the ex parte statement made by the hon. member it would appear that an injustice has been done. I have examined the reports of the exchequer court and the judgment of the president of that court. All he affirmed in the judgment was that the old federal appeal board had jurisdiction to entertain the appeal, notwithstanding the repeal of the legislation I think the hon. member will agree with me that that is the only construction which could be placed upon the judgment.

But there must be something behind the whole matter, or the Department of Justice would not have given the opinion which they gave. That department is the final legal resort of the government. I believe there must be something behind the whole matter which the hon. member has not set before the committee and the country. I suggest this, that the federal appeal board in excess of their duty and jurisdiction under statutory authority creating them, and by which they are bound, gave a different diagnosis of the case from that which they should have given, and it is on that account that the pension board have refused to pay the pension.

Mr. MACKENZIE (Vancouver): Even if my hon. friend's contention is correct, the exchequer court still held that the judgment should stand.

Mr. HANSON (York-Sunbury): No, they did not say that.

Mr. MACKENZIE (Vancouver): Oh yes.

Mr. HANSON (York-Sunbury): No; that is not a fair construction to place upon the judgment. All the Exchequer court held was that the federal appeal board had jurisdiction to hear the appeal, notwithstanding the repeal of the old legislation. The reports are here. I had to read them rather hurriedly, but I believe that is all the headnote or judgment indicate. That does not carry the matter as far as my hon. friend says it should go. The finding of the president of the exchequer court, which is to be found at page 102 of part IV of the Canadian Law Reports for 1931, is as follows:

> There will be an order declaring that the pension appeal board as it existed on the date of the reference herein had jurisdiction to entertain and determine appeals from refusal of pension by the Board of Pension Commissioners.

It only went to the point of jurisdiction in hearing the appeals, not to the merits of the appeal at all.

Mr. McPHEE: Read the preceding paragraph.

Mr. HANSON (York-Sunbury): It is very long. This is the finding and order of the court:

> There will be an order declaring that the pension appeal board as it existed on the date of the reference herein had jurisdiction to entertain and determine appeals from refusal of pension by the Board of Pension Commissioners.

The finding of the court is exactly as I said it was, namely only on the question of jurisdiction and not on the merits at all.

Mr. STEWART (Edmonton): Is that not all that is necessary?

Mr. HANSON (York-Sunbury): No; you have to go farther than that. The hon. member for West Edmonton knows very much more than the rest of us about most matters which are discussed. This is a legal problem however, and I venture to suggest he does not know anything about it.

Mr. MACKENZIE (Vancouver): May I read to the hon. member the part of the judgment to which he has referred:

> I should very much doubt if the statute ever intended, that a judgment rendered on appeal by the board, should be of no effect,—

That is just exactly what happened in all these cases.

—because the statutory directions which I have already mentioned were not complied with. It is perhaps unnecessary that I should go so far, because that point was not argued before me.

He finds that even if there were irregularities in regard to diagnosis, the judgmeint was one which should be complied with.

Mr. POWER: The cases of Skitch, Isadore Ouellette and three others came before the committee on pensions and returned soldiers' problems on several occasions in 1928. We heard evidence, as I have no doubt the hon. member for Kingston and the minister will remember; I recall that we heard evidence in particular on the Ouellette case, which is similar to the Skitch case. I have before me a portion of the evidence as it appears at page 311 of the journals of the House of Commons for the year 1928. In that evidence I find a letter dated November 11, 1924, addressed to the Board of Pension Commissioners, and from the letter the committee will learn that this has been a long standing complaint. It is addressed to the Deputy Minister of Justice, and is as follows:

Dear Sir:

I have had under consideration the questions regarding the jurisdiction of the federal appeal board submitted with your letter of the seventeenth September, ultimo, and beg to advise you as follows:

In this case it appears that the difference of opinion between the two bodies—

That is, between the Board of Pension Commissioners and the federal appeal board.

—relates to a matter of diagnosis and not to the question whether the disability, if any, was attributable to military service. The Board of Pension Commissioners found that the "error of refraction resulting in defective vision was a pre-enlistment congenital condition and was not aggravated during military service."

This is the Ouellette case.

Whereas the federal appeal board found that "the defective vision in this case is due to optic neuritis, and that the weight of evidence indicates that optic neuritis was incurred on service."

It seems clear, therefore, that the federal appeal board disposed of the case upon a different diagnosis than that upon which the Board of Pension Commissioners proceeded, and that no question of attributability within the meaning of the statute was involved. I am of opinion, therefore, that the federal appeal board did not have the jurisdiction to make the order in question.

Papers returned.

Yours truly,
W. Stuart Edwards,
Assistant Deputy Minister of Justice.

Mr. Edwards gave that opinion in 1924. That was put before the pensions committee. Hon. members will note that the letter is dated 1924. In the 1928 hearings before the committee this matter was brought up and was the subject of much discussion. The result was that in the amendment put before and passed by the house we find the following:

Any dispute as to the jurisdiction of the board to entertain and determine appeals from refusal of pension by the commission shall be referred by the department to the exchequer court for determination.

That was the considered judgment of the committee.

Mr. HANSON (York-Sunbury): That is on the question of jurisdiction.

Mr. POWER: These cases in the hands of the committee were questions of jurisdiction.

Mr. CAHAN: Was not the reference which was made subsequently to the exchequer court confined solely to the question of jurisdiction?

Mr. HANSON (York-Sunbury): It was.

Mr. CAHAN: Therefore if the reference was solely on the question of jurisdiction the opinion or judgment of the court must necessarily be confined to the question of jurisdiction, and not extend to the merits.

Mr. POWER: The point at issue between the Board of Pension Commissioners and the federal appeal board was one of jurisdiction. The Board of Pension Commissioners had granted a pension to Ouellette and then discontinued it. Ouellette asked to have his pension continued. The board refused. In those days there was a federal appeal board; the case came before that board and the appeal board found that he was entitled to a pension on the ground that his defective vision was due to optic neuritis, whereas the Board of Pension Commissioners said he was not entitled to pension because his defective vision was due to an error of refraction which was congenital.

Mr. HANSON (York-Sunbury): Is it not a fact that the federal appeal board changed the diagnosis, and had no authority in law to do it?

Mr. POWER: That is just the point; they changed the diagnosis. Admitting they changed the diagnosis, Mr. Edwards in his letter to the committee and in his letter to the minister stated:

I am of opinion, therefore, that the federal appeal board did not have the jurisdiction to make the order in question.

There was the contention of the Board of Pension Commissioners, there was the con-

tention of the Department of Justice. That was placed before the committee. I am willing to admit now that the means we took were not the best, but we did what we thought best under the circumstances. We said: Since these two boards are in dispute as to jurisdiction, any dispute as to the jurisdiction of the board to entertain and determine appeals from refusal of pension by the commission shall be referred by the department to the exchequer court for determination. Acting on that, under the law passed in 1928 this case was submitted—in 1929, if my memory serves me aright—to the exchequer court; and the exchequer court decided as my hon. friend from Vancouver Centre (Mr. Mackenzie) has pointed out, and as my hon. friend from York-Sunbury (Mr. Hanson) has admitted. In December, 1931, the reference was heard by the exchequer court, which held that the federal appeal board had jurisdiction to entertain and determine the appeal mentioned in the reference at the time it heard and determined the same. Therefore the Board of Pension Commissioners should have granted that pension. That is, the contention of the Board of Pension Commissioners was set aside.

Mr. HANSON (York-Sunbury): No, I think that is a non sequitur. The concluding clause of the headnote reads:

That whether or not the appeal board in giving its decision complied with the statute did not go to the question of jurisdiction.

Now the Justice department, as I understand, have ruled—

Mr. POWER: May I ask when the Justice department gave a ruling?

Mr. MACKENZIE (Vancouver): The Justice department was heard before the exchequer court on the point and its contention was not sustained.

Mr. HANSON (York-Sunbury): No, that is not correct. That was not argued, and any remarks the judge made on that point are obiter dicta. The judge was asked only to decide the bald question of jurisdiction, and he decided that in favour of the pensioner. I think he was right. The mere fact that the statute had been repealed did not rob the federal appeal board of jurisdiction at the time when the matter was before them. I think that is sound. But it does appear from the finding of the exchequer court that the federal appeal board in giving its decision did not comply with the statute—that is the inference—on the merits. They had no right to change the diagnosis.

Mr. POWER: They did have jurisdiction?

Mr. HANSON (York-Sunbury): They had jurisdiction to hear the appeal; that has been decided as a matter of record in the court. But they had no authority to change the diagnosis. I am not defending the case; I am just trying to elaborate it.

Mr. MACKENZIE (Vancouver): Mr. Justice Audette, the chairman of the committee in the recent investigation, referring to these cases, said:

There seems to be something wrong there. If there are two tribunals, one of the first instance and the other an appellate division, and the appellate division gives its judgment, then it is no business of the court of first instance to criticize the judgment and say, that you are not to put that into force. There must be some remedy somewhere.

Again:

Then the Minister of Pensions and National Health applied ex parte in the exchequer court, representing to the court that new tribunals had been created—

By legislation of 1930.

—for disposing of pension decisions and asking that the reference be withdrawn. The submission was made ex parte to the president of the court—

My hon. friend has the reference.

—and he said—We have already here before us a statement of claim from the Skitch dependents and we think their solicitor should be advised of this action. Notice was accordingly given to the solicitor and we apeared before the court. There was a full dress debate on the thing. The justice department was represented, and after an argument lasting all day the president of the exchequer court came to the conclusion that the references should not be withdrawn, that there was a vested and legal right in the people who had obtained judgments from the old appeal board, and that these rights had not been cancelled by the repeal of the sections which had created the federal appeal board.

Could anything be more specific? He said there was a vested and a legal right in the people who had obtained judgment from the old board, and this could not be destroyed by the legislation amending the appeal board system passed by this house in 1930. Mr. Justice Audette also said the tribunal below had no right to question the judgment of the tribunal above. That is the situation. It is really an impasse; no one would pay these pensions. A properly constituted court found in favour of the appellants, and some of them have been waiting now eleven or twelve years without a cent of pension. There is an obvious inequity in the whole situation, and I

think it should be remedied. I am speaking entirely on the facts, not laying any blame on the minister. I would without any hesitation lay blame on the chairman of the Board of Pension Commissioners.

Mr. CAHAN: Would the hon. member not like for his own satisfaction to read the opinion of the Department of Justice, upon which the minister by virtue of his office is bound to act?

Mr. MACKENZIE (Vancouver): I did not know there was any. I did not understand that the Department of Pensions and National Health referred the question to the Department of Justice. But even if it did, that was overruled, because when the minister made an ex parte application to the exchequer court—

Mr. CAHAN: No, since then.

Mr. MACKENZIE (Vancouver): I was not aware of any since then.

Mr. CAHAN: I have heard this matter mentioned before. It is not in my department, therefore I have no particular knowledge of it, but I was under the impression that after the judgment was given which the hon. gentleman has just read, a further opinion was taken from the Department of Justice as to what action the minister or his department should take in the matter.

Mr. MACKENZIE (Vancouver): Could I have that opinion now?

Mr. CAHAN: I am speaking only from memory.

Mr. MACKENZIE (Vancouver): Has the minister that decision?

Mr. MacLAREN: All I can say is that I know it was referred to the department, but I cannot say whether I have the written opinion or not.

Mr. MACKENZIE (Vancouver): I am quite aware that it was referred to the Department of Justice before the reference was made by the minister to the exchequer court, but my question is this: Was there a further application for a written legal opinion from the Department of Justice after the Exchequer Court of Canada turned down my hon. friend's ex parte application?

Mr. MacLAREN: I am sorry, I cannot say.

Mr. MACKENZIE (Vancouver): But that is important to my hon. friend's argument.

[Mr. I. A. Mackenzie.]

Mr. CAHAN: I was speaking solely from memory.

Mr. MACKENZIE (Vancouver): Having made a fair statement of the facts, I should like to know from the minister what remedy this man can look for from the people of Canada. What is the remedy to be after the facts have been brought out and we have had the comments of these distinguished members of the judiciary? There were two judges sitting on the committee to which I have referred, one from Saskatchewan, Judge Ross, and the distinguished chairman of the committee. I should be glad to lend the evidence to my hon. friends if they would care to see it. If they will read that evidence they will find therein comments from these distinguished members of the judiciary as to what has happened in this case. They condemn what has taken place, and I think it is the fault of a bureaucratic system. I do not believe that a board has the right to refuse to pay a man a pension which a superior tribunal is of the opinion is properly payable. I do not think that is at all right.

Mr. HANSON (York-Sunbury): The general principle as enunciated by the hon. gentleman is correct, but I am not satisfied that he has told the house the whole story.

Mr. MACKENZIE (Vancouver): Let us hear the other side of it.

Mr. HANSON (York-Sunbury): Let us get word from the chairman of the pension board. Let us have a statement from him and we shall then hear both sides of the story, because I am quite satisfied that there is another side to it.

Mr. POWER: If there is a statement from the chairman of the Board of Pension Commissioners, it seems to me that we should have a statement from the other side, because this matter has been hanging fire for five or six years. I will not enter into an attack on Colonel John Thompson, with whom I have been on the friendliest terms, although we have not been able to agree in this matter, but I think he will admit that ever since this case has been before the public and those interested in pensions he has repeatedly taken the position that he would not pay this pension. I have here the evidence which was given in 1928 in the Ouellette case. There were five cases, and I would refer the committee to page 303 of the journals of the house of 1928 giving the proceedings of Wednesday, March 14 of that year. Let me quote. Colonel Belton, chairman of the

federal appeal board, was called as a witness. He was duly sworn and was asked this question:

The Chairman: Colonel Belton, have you any statement to make with regard to the workings of the Pension Act in reference to the federal appeal board or in reference to pensions generally?

Colonel Belton: Mr. Chairman, I have thought that possibly I might recite what took place in the case of Ouelette that you have been considering; that is, what had happened in the federal appeal board. It might perhaps save a great many questions being asked later. . . . This man Ouelette had been on pension for some years, from 1919 up to April, 1923, for defective vision, due to optic neuritis. There was occasion to examine him again about this, and a report was given by a medical man that the condition was not optic neuritis, but an error of refraction, and as a consequence, his pension was cancelled. He also was on pension for disordered action of the heart, but that was continued. He then made an appeal to the federal appeal board. His appeal stated that it was in respect of refusal of pension on account of sore eyes. That is the man's own description. The case came on, and the appeal was heard in the city of Quebec before one commissioner, who, after hearing the case, reserved judgment. . . . It was suggested that another specialist still might have the case sent to him. And the medical officers were asked to suggest some local medical man of standing for such an opinion, and the case was referred to him.

Mr. MacLaren: Who was he?

This Mr. MacLaren was no other than the hon. gentleman who now graces the position of Minister of Pensions and National Health.

Colonel Belton: I may say that I am purposely avoiding mentioning names, but they may be mentioned, if you desire.

The Chairman: They may be mentioned.

Mr. MacLaren: I just wanted to know if it was Dr. Minnes.

Apparently the minister had a high opinion of Doctor Minnes. The evidence goes on for two or three pages and then we come to the judgment of the appeal board. I quote:

The judgment was then issued and the important paragraph is as follows. (Reading):

Upon examination of the record on which the board of pension commissioners gave its decision, I find that there was a marked difference of opinion with regard to the cause of disturbance of vision. I have accordingly found that it was desirable to consult with two specialists in diseases of the eye, as well as with the medical officers of this board. I am convinced from a review of the medical opinion available, that the defective vision in this case is due to an optic neuritis and that the weight of evidence indicates that optic neuritis was incurred on service.

The appeal is allowed.

That judgment was given in 1924. The exchequer court declared that this federal appeal board had jurisdiction to give such a judgment, yet these cases have been waiting since 1924 for final decision.

Mr. HANSON (York-Sunbury): They are waiting to hear the appeal.

Mr. POWER: I will admit that the hon. member is right—I do not believe it, but I will admit that he is right to please him.

Mr. ROSS: Did the hon. member read that pension had been originally granted on account of optic neuritis?

Mr. HANSON (York-Sunbury): No.

Mr. ROSS: Hold on. Will the hon. gentleman please keep quiet? He is not running the whole committee.

Mr. POWER: I will read the statement again for the information of the hon. member. This statement was made by Colonel Belton, who was chairman of the federal appeal board. He says:

This man Ouelette had been on pension for some years, from 1919 up to April, 1923, for defective vision, due to optic neuritis.

I do not know what it was due to; I am not a medical man.

Mr. ROSS: Will the hon. member read after that?

Mr. POWER: Then they cancelled the pension on the ground that it was not optic neuritis but that it was an error of refraction.

Mr. ROSS: In other words, they changed the diagnosis.

Mr. POWER: The Board of Pension Commissioners, after having given him a pension for optic neuritis, said that it was an error of refraction. He went before the federal appeal board and they called in their own doctors, including Doctor Minnes and a number of other medical men from Quebec, and they said they were convinced that defective vision was due to optic neuritis, which was incurred on service. But that is not all. Let me continue the statement made by Colonel Belton:

The Board of Pension Commissioners, according to the statute—

That is, as it existed in 1928.

—had then a month during which they might appeal this decision to a quorum of the board.

Members of the house who were members of that committee will recall that there was a sort of board to which you could appeal decisions of the federal appeal board. To continue:

That was not done, but our board was advised that they considered we had gone outside of our jurisdiction in the case, and that they did not intend to carry out the recommendation for pension.

That was the attitude which Colonel Thompson took—that he would not pay the pension, no matter what you did. And the committee in its wisdom tried to do the best it could to settle the case by having it referred to the exchequer court. It was referred to the exchequer court and apparently Colonel Thompson persists in his view that no matter what court gives these poor devils a pension they will not get it. I say, Mr. Chairman, it is time that something was done in this matter. This afternoon we could give a man named Campbell some consideration—a man who had seen no service at all either in Canada or in the empire, but who had been on a trawler. He was caught on a trawler and taken to Germany and he found that he would have been entitled to place his case before the British authorities at the proper time and that he would have been entitled to some compensation under reparations. Apparently he had been in Australia. He finally drifted into Canada. He made application to the British board from Canada but was told he had no right to compensation. Out of the generosity of our hearts we said that this Englishman who, having served on a trawler, was not a soldier, should receive a pension because he happened to be loafing in Canada and Australia. He could not obtain a pension before his own courts but we out of our generosity said we would give him one. Yet every court except the Board of Pension Commissioners that has to deal with these cases has granted a pension to these men and still they cannot get it. If there is no other way of granting a pension to these men, I submit that the minister should bring in a compassionate grant.

Mr. MACKENZIE (Vancouver): In answer to the hon. member for York-Sunbury (Mr. Hanson), I should like to quote further from the evidence given before the commission as follows:

The Chairman: Well, you had no right to criticize the reasons which prompted them to arrive at the conclusion they did.

Colonel Thompson: The justice department said we had.

The Chairman: There is no common sense in it. Let us be guided by common sense. Surely an inferior court cannot say the judgment that has jurisdiction on appeal reverses me, but it is wrong.

Colonel Thompson: Well, supposing the man appealed on assessment?

The Chairman: I do not care. The court is there duly constituted. It is not for the inferior court to say, I am not obeying the judgment because I don't think you are right. If the administration of justice was constituted that way it would be a farce.

[Mr. Power.]

Colonel Thompson: But surely, sir, they must act within their limited jurisdiction. That does not apply.

The Chairman: Yes, they did act within their jurisdiction. There was an appeal, and if you thought that the judgment was not right you could have taken it further; but it is not in your mouth to say that you are not going to obey the judgment. I think that with a little common sense and willingness, and with a heart, these cases could be brought before the department and dealt with just the same as any good businessman would deal with them. We are fighting over nothing, we are just fighting in the air; we are just standing on technicalities; you won't approach the question. It is a pretty bad example to give to the rest of Canada.

Mr. ROSS: I am not a lawyer so I cannot discuss this case from the legal aspect. From what I remember of the case, it seems that the diagnosis was changed by the Board of Pension Commissioners. I do not know that they have the authority to change a diagnosis any more than anybody else. The statute says distinctly that a diagnosis must not be changed. I admit that but we organized these two boards and gave them medical men as advisers and permission to obtain other advice in connection with cases. The matter of changing a diagnosis does not come before the federal board, but in this case the Board of Pension Commissioners changed the diagnosis. I know of a concrete case where an ex-service man dropped dead in Rochester. The diagnosis was given as pneumonia. The man had been working on a ladder and when an examination was afterwards made it was found that although he had some congestion of the lungs he had also half a dozen other pathological conditions any one of which could have caused his death. The stand was taken that the diagnosis could not be changed. If the diagnosis could not be changed in that case, what right had the Board of Pension Commissioners to change another diagnosis? I am not discussing this case from the legal aspect but more along medical lines.

Mr. RALSTON: I should like to inquire of the minister what the practice is with regard to the admission to hospital of an ex-service man applying for pension who has established by his own medical officer, at least to some extent, that he has a disability but is told that he must have some sort of technical examination. In the particular case I have in mind a cystoscopic and X-ray examination was necessary. Application was made to put this man into hospital but it was turned down, I understand upon the ground that the Board of Pension Commissioners did not consider him entitled to pension. He was told that he would have to have this examination before

his case could be considered. This man had a good war record and he wants treatment or examination in order to establish his right to pension.

Mr. MacLAREN: I should like to reply first to the hon. member for Vancouver (Mr. Mackenzie). The discussion has been very full in connection with these particular cases and has showed a considerable lack of unanimity. I propose to have the whole matter reviewed, and that is as far as I can go at the moment.

In reply to the hon. member for Shelburne-Yarmouth (Mr. Ralston) I may say that I do not think there is any difficulty in obtaining all necessary examinations. A man makes application to the pension board for pension and that board makes arrangements for his medical examination. In many cases it is not necessary for the applicant to enter an hospital, but a cystoscopic examination would require such admission. Admission to hospital is effected by the pension board directing that the man be admitted for examination. I understand from the hon. member that there has been some difficulty in the particular case to which he refers.

Mr. RALSTON: I will finish giving the minister the particulars of this case, which I am using only as an illustration. This man was examined a year and a half ago. He came up again for examination claiming that his disability had not been recognized and the doctor who examined him recommended that he have a cystoscopic examination. I understand from the officials of the Board of Pension Commissioners that unless entitlement is recognized the admission to hospital which is necessary in order to have a cystoscopic examination could not be granted. I am mentioning this instance because it is the result of the adjudication of the Board of Pension Commissioners.

Mr. MacLAREN: Before a man can demonstrate his entitlement he must be examined and a cystoscopic examination would have to be made in a hospital. The pension board can and frequently does order that a man be committed to hospital for examination and observation.

Mr. RALSTON: But if the Board of Pension Commissioners does not do that, has the minister not the power to send him there, and is it good enough for the board to have the right to refuse him admission or to refuse that certificate of admission to hospital, thus possibly precluding the proof of his case?

Mr. MacLAREN: I do not know where, in a bona fide case, this has been refused. The fact is that the man does not come under the observation of the minister or of the department. He is dealing with the pension board and their medical officers.

Mr. RALSTON: In the particular case I have in mind, he does not come under the observation of the minister. My hon. friend is quite right; I did not mention it to the minister; I mentioned it to the director of medical services and he advised that the man could not be admitted. It was not the minister; it was his official. It is the same thing.

Mr. MacLAREN: If the facts are as stated by the hon. member the official in question was a medical man. I presume he had no connection with the department.

Mr. RALSTON: He was connected with the department.

Mr. MacLAREN: There must be some mistake. What I would expect to happen is that the man would be admitted for observation and examination.

Mr. RALSTON: I am concerned not only in this case, but in having the rule established. I submit—and I believe the minister will bear me out—that it is not sufficient for the Board of Pension Commissioners to have the authority to say: yes or no; you shall or you shall not go into hospital for the purpose of examination to have it decided whether you have a pensionable disability or what your disability is. It seems to me that the Board of Pension Commissioners are more particularly concerned in deciding whether a man's disability is attributable to war service, but in the earlier stages it is the department who must look after him and assist him in proving his case, and that is exactly why the minister has scattered throughout the dominion officers attached to the department in order to afford that sort of service to applicants. I say that that should be supplemented by either those doctors or the director of medical services having the right to order that man into hospital in order that his examination may be completed as recommended by the doctor in the field. I do not think it is sufficient for anyone to say that the Board of Pension Commissioners is the one that decides whether the man goes into hospital or not. The hospitals are under the administration of the minister and not of the board.

Mr. MacLAREN: I do not think the hon. member is quite correct in that. The man was asking not so much for treatment as for a pension; therefore he goes to the pension

officials and they take the proper steps. If the hon. member will kindly let me have a memorandum of the matter, I will check it up and see if there is not something a little different from his information.

Mr. RALSTON: I am making it clear why I am bringing the matter up now. There is no quarrel between the department and me. But if the rule is as stated, then the minister ought as a general practice to take more jurisdiction in assisting these men in establishing their case, or, at least their disability, and not leave it to the Board of Pension Commissioners to say whether a man shall have assistance in proving his case. That is a point the minister might take into consideration.

Mr. MacLAREN: The Board of Pension Commissioners do more than that; they frequently order men into hospital for observation and report.

Mr. RALSTON: I do not think they should have the say as to whether a man shall or shall not go into hospital.

Mr. MacLAREN: If the hon. member will let me have the man's name and number, I shall look up the matter. I do not like talking about these hypothetical cases, because the reports on file often differ from what is said in good faith.

Mr. RALSTON: The whole Pension Act is founded on hypothetical cases; it is drafted for the purpose of covering cases that have not necessarily been presented, and we must have certain rules on which to proceed. Regardless of this particular case, the question is whether the minister and the department will assume the responsibility of assisting applicants in proving their cases, more than simply appointing officers in the outside districts. If the men, in order that their disability may be established or examined into, need to be admitted to hospital, I feel the department should assist them in that way. That is merely a matter of justice.

Mr. MACKENZIE (Vancouver): I did not hear the minister's decision in regard to the five cases which were brought to the attention of the committee this evening. Did he come to any conclusion as to what is to be done in regard to these cases?

Mr. MacLAREN: The hon. member surely quite misunderstood me. I said that I would have the matter reviewed. It will probably take a week to do that.

Mr. MACKENZIE (Vancouver): If that is all the minister is able to promise, I suggest that the matter had better be reviewed by this committee, because we are sitting probably as the last court of equity in regard to these cases. They have been disposed of by the courts.

Mr. MacLAREN: The hon. member can hardly expect me to dispose of the matter in the ten minutes just elapsed.

Mr. MACKENZIE (Vancouver): Will the minister not give me any better guarantee than that he will review the case? Will he not report back to the committee?

Mr. MacLAREN: My word is the guarantee; I say that I shall have the matter carefully reviewed.

Mr. MACKENZIE (Vancouver): Will the minister report back to the committee as to his findings in these cases?

Mr. McGIBBON: What does the hon. member expect?

Mr. MACKENZIE (Vancouver): Equity and justice.

Mr. McGIBBON: What does the hon. member want?

Mr. POWER: The payment of pensions.

Mr. McGIBBON: One cannot promise to pay pensions unless they are honestly deserved.

Mr. POWER: I think one can. I do not want to interrupt my hon. friend if he intends to speak on the subject.

Mr. McGIBBON: I shall make a speech if the hon. member wants me to do so.

Mr. POWER: I think the minister ought to tell the committee that he is going to do more than merely review these cases. They have been reviewed since before 1924 until the people are sick of hearing of them. I am not going to repeat, but every court except the Board of Pension Commissioners has given a decision in favour of these men. The Board of Pension Commissioners and Colonel Thompson, if he is consulted, will not say that these men are entitled to pension. There is perhaps a little stubbornness on the part of someone connected with the department. I am not speaking of the present minister, because this condition existed long before the present minister took office; but somewhere there is a stone wall that prevents people who have been declared to be entitled to pensions, from getting them. If the minister reviews the matter, he will just traverse the same ground. It has been reviewed time and again.

Mr. MacLAREN: How does the hon. member know that the result will be the same?

Mr. POWER: I am saying so because I know the minister will not do anything else.

Mr. MacLAREN: That is where the hon. member is wrong.

Mr. POWER: I am quite willing to be considered wrong by the minister.

Mr. MacLAREN: That is the hon. member's impatience again.

Mr. POWER: I am doing the talking now, and I shall carry on with my job. If the minister does his job equally well, there will be no complaint.

Mr. MacLAREN: I thought the hon. member had finished.

Mr. POWER: I am only starting. It is useless for the minister to tell us that he is going to review these cases, because I know where he will go for his information. He will go to the Board of Pension Commissioners, and this board has made up its mind that these men are not going to be paid.

Mr. MacLAREN: The hon. member is wrong again.

Mr. POWER: The board have said so repeatedly; they have taken advantage of every technical point they could raise. The whole thing was started by a technical point raised by Colonel Thompson in the first place. He did not like to have a court over him. He was practically told so by Judge Audette in the recent investigation.

Mr. McGIBBON: The tribunals were over him.

Mr. POWER: They were over him. These are federal appeal board cases, and if I understood the implication of my hon. friend the tribunals are not going to be over him much longer. In any case I think the minister should give us the assurance that he will personally study these cases and if he finds there is merit in them and that he cannot under the act—perhaps he will find that under the act, no matter how much he reviews them, he cannot grant a pension—do justice in these cases, he will come before parliament with a vote in order to settle these claims once for all, to remove from the department and from the people of Canada the stigma under which they have so long been labouring. I think that is a pledge which the minister ought to give us.

Mr. STEVENS: May I interject one or two observations? I have listened with interest and close attention to the presentation of these cases, and presented as they have been they are a serious and an interesting problem. I detected, however, as we proceeded, that there were one or two points which might be possible grounds for the Board of Pension Commissioners refusing to pay. I certainly, with what information we have before us, am not in a position to express definitely an opinion whether they were right or wrong, but I submit to my hon. friends that the minister's suggestion that the matter will again be reviewed by him should be accepted in good faith. I am quite certain that he makes it in good faith, and obviously he could not in his position as minister of the department pledge himself offhand to the payment of a pension apart from the technical provisions of the law. But if the minister after reviewing the cases is convinced that there are sound grounds for special treatment, he would then have to bring them before his colleagues in council and submit to parliament whatever action might be decided upon So I think my hon. friend in his enthusiasm for these cases, which I do not call in question for one moment, is hardly fair in asking the minister to give a definite promise.

Mr. POWER: I do not want that.

Mr. STEVENS: I personally must confess that I should want to know something more than we have been able to gather tonight before I could be clear in my own mind. Two or three points have occurred to me on which I think there is need for further light. We cannot get it here, and so I shall not mention them. The minister has not all his records here and was not prepared to deal with these cases. So I think my hon. friends should accept the minister's offer to review the cases and undoubtedly discuss them with his colleagues, and then at a future time, when the other estimates are up, the whole matter can be discussed again.

Mr. POWER: I would be satisfied if the minister would say that he would review the cases and if he finds that they cannot be conveniently settled otherwise than by presenting a special bill to parliament or a special item in the estimates—by that I mean that he will not ask these poor unfortunate people to go dragging their cases again through the

whole gamut of pension board, pension tribunal, and pension appeal court—if he finds that these cases have the merit which we have urged here and which has been urged by other hon. gentlemen, all I am asking is that he will take it on himself to ask parliament as the court of last resort to pass on the matter. But if he only reviews the matter, we shall not get anywhere.

Mr. STEVENS: It is scarcely fair to ask for a pledge of that kind. The minister can only say now that he will review it because he does not know until he does reivew it what conclusion he will come to.

Mr. MACKENZIE (Vancouver): I am willing to accept the suggestion of the Minister of Trade and Commerce that before the estimates are finally through we may expect to hear something further about these cases.

Mr. MacLEAN: Do the salaries for the pension tribunals come under this vote, Mr. Chairman?

The CHAIRMAN (Mr. Hanson, York-Sunbury): No. This item applies to the Board of Pension Commissioners.

Mr. STEVENS: There is a special item for the tribunals, No. 204.

Mr. MacLEAN: The cases which have been reviewed by my friends to my left are similar to a great many cases which no doubt can be found right across Canada from the Atlantic to the Pacific. I could cite many such cases in my own riding, and what I particularly want to point out is the unfairness of the way in which the cases are handled by the attorney or advocate who follows the pension tribunal around. Last fall in my home town a pension was awarded by the tribunal to two men—

Mr. MacLAREN: I do not think, Mr. Chairman, that this matter comes under the item before us.

The CHAIRMAN (Mr. Hanson-York-Sunbury): We shall reach the pension tribunal item later; it is No. 204.

Mr. POWER: May I say, Mr. Chairman, that the Board of Pension Commissioners has working under it commission counsel who appeal cases from the tribunal to the appeal court, and as they are under the control of the Board of Pension Commissioners I think that any case that comes before the tribunal can properly be discussed under this item.

[Mr. Power.]

Mr. MacLEAN: I should like to refer to one remark that was made by the minister to-night. He said that these cases were all reviewed by independent bodies. I would ask the minister on whose authority does this attorney or advocate follow the tribunal around and after the men have been awarded a pension take that pension away?

Mr. MacLAREN: He works under the Board of Pension Commissioners.

Mr. MacLEAN: Then all I now say is that we shall have more to say about this when the time comes.

Mr. RALSTON: Are we still on the item for the Board of Pension Commissioners, Mr. Chairman?

The CHAIRMAN (Mr. Hanson, York-Sunbury): Yes, item 81.

Mr. RALSTON: Does the minister feel that he ought to press this item, and item 204 which the Minister of Trade and Commerce mentioned, when there is overhanging this parliament the idea of a new Pension Act? I submit that it is not quite fair to vote these salaries and these amounts for the various tribunals when we have had in the last six months a pensions investigation and reports varying in effect from three or four different groups of members of that committee. I do not think we ought to go on discussing these items. Does the minister think that we shall really make time by pressing these items in view of the fact that this very item is a vote for the salaries of one of the bodies which is being considered in connection with any new legislation which is being brought down?

Mr. MacLAREN: I think my hon. friend from Shelburne-Yarmouth was not in the house when it was agreed to allow item No. 80 to stand after a certain amount of discussion until after the amendments to the Pension Act were before the house.

Mr. RALSTON: I was told that, and I was suggesting that the same thing be done in connection with this item. It seems to me that we cannot go on voting money for pension administration when you are talking about radically amending pension legislation, and when you have had a pension investigation which has been reported on four different ways by four different groups of the committee that made the inquiry. I do not think parliament ought to vote these items now in view of the fact that we are going to

have legislation which may materially alter the present situation. There may be no Board of Pension Commissioners when we get through with the new legislation, or it may be that the board will be twice or three times its present size, and altogether differently constituted.

Mr. MACKENZIE (Vancouver): It is understood that legislation will be introduced which may alter the three courts now functioning in regard to veteran treatment. In this connection I support the remarks of the hon. member who has just spoken. It is possible, almost probable, that the legislation may affect the size and personnel of the present Board of Pension Commissioners. When we come to the pensions tribunal it is possible that it may be abolished. How, then, can we intelligently vote appropriations at this time? How can we vote intelligently without first having before us the proposed new legislation? Surely we should not be asked to vote in the dark, and blindly to deal with an estimate based upon last year's figures until we know what the plans of the government are in regard to pensions legislation for the next year.

Mr. MacLAREN: I do not believe I have asked the committee to vote blindly. The hon. member who has just sat down has spoken a great deal; whether it has been blindly or not I must leave to the judgment of the committee. At the same time I am quite prepared to allow the matter to stand.

Mr. McGIBBON: I should like to ask hon. members opposite if they would be willing to vote that this item be deleted from the estimates?

Item stands.

DEPARTMENT OF NATIONAL DEFENCE

National defence—salaries, $441,378; contingencies, $35,000.

Mr. GARLAND (Bow River): What is the present strength of the non-permanent forces?

Hon. D. M. SUTHERLAND (Minister of National Defence): This is a civil government item; the question of the hon. member cannot properly be asked at this point.

Mr. GARLAND (Bow River): Perhaps the minister could answer the question. Could he give me the figures for the permanent and non-permanent forces?

Mr. SUTHERLAND: On January 31 there were 3,524 in the permanent force.

Item agreed to.

Non-permanent active militia, $1,994,000.

Mr. RALSTON: What are the plans for training next year? I refer to the number of days training, and the number of men who train.

Mr. SUTHERLAND: Generally speaking, there will be a ten day training period for about 30,000 men. For specialists such as signallers there may be a twelve day training period.

Mr. RALSTON: What about camps?

Mr. SUTHERLAND: There will be no camps, in the general sense of the word as it was understood some years ago. There will probably be smaller camps used over a few week ends. With that exception, however, there will be no large camps.

Mr. RALSTON: What about Petawawa?

Mr. SUTHERLAND: There will be an artillery camp at Petawawa.

Mr. GARLAND (Bow River): Would the minister explain the increase of $111,000?

Mr. SUTHERLAND: The increase of $111,000 is made up of grants for training. There was artillery which in the year 1931-32 had no camp training at all. Last summer a very small number of batteries went to Petawawa. During the coming summer, however, it is felt that there will have to be a larger quota go to Petawawa in order to keep up efficiency. That accounts for the greater part of the increase. Then, as I have said, there will be a little more training for specialists, such as machine gunners and signallers.

Sir EUGENE FISET: Was there any training at Valcartier last year?

Mr. SUTHERLAND: A number of regiments in that dstrict took the funds they were given for training purposes and used them for short training periods of three or four days each.

Sir EUGENE FISET: I am talking about rural units. Is it the intention of the government this year to have them train locally, or does the minister intend to have a quota of officers go to Valcartier for training?

Mr. SUTHERLAND: The following regiments went to Valcartier:

Thirteenth Infantry Brigade Headquarters:
Regiment Montmagny.
Regiment de Dorchester et Beauce.
Fusiliers de St. Laurent.
Les Franc Tireurs de Saguenay.
Les Chasseurs Canadiens.
Fifteenth Infantry Brigade Headquarters:
The Royal Rifles of Canada.
Les Voltigeurs de Quebec.
Le Regiment de Quebec.
Le Regiment de Levis.
5th Machine Gun Battalion (B Company).
No. 5 Casualty Clearing Station, C.A.M.C.
No. 5 Detachment, C.P.C.

Sir EUGENE FISET: Does the minister intend to carry on the same kind of training this year so far as non-commissioned officers and officers are concerned?

Mr. SUTHERLAND: The whole object of the training is to train the key men, namely the officers and the non-commissioned officers.

Sir EUGENE FISET: There will be no local camps at local headquarters so far as whole regiments are concerned?

Mr. SUTHERLAND: No.

Mr GARLAND (Bow River): The minister kindly explained how the increased amount was to be expended. I understood him to say it was in additional field artillery training. Why under existing economic conditions does he consider it advisable to increase the vote for artillery training this year by $111,000? Is there anything ahead of us that we must fear? Are we going to be attacked in the near future, or is he going to send a force away somewhere? We got along all right last year.

Mr. SUTHERLAND: The vote as a whole is down, but this vote for the non-permanent militia is really the key vote of the whole department. Everything else hinges on it, because if anything ever did happen it is the non-permanent militia which would have to be expanded to do the work. Therefore it is very important that the key people be kept on an efficient basis. It could not be kept on an efficient basis the way it has been going the last couple of years. I assure the hon. member that it is far from full battery strength; we have the lowest possible number from which we consider we can get efficient training.

Sir EUGENE FISET: Would the minister also inform us if it is the intention of the department to pay to the local regiments—I mean rural regiments especially—the ordinary allowances they are entitled to per annum?

[Sir Eugène Fiset.]

Mr. SUTHERLAND: For the care of arms, yes.

Item agreed to

Naval services—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, $2,422,000.

Mr. RALSTON: What is the reduction?

Mr. SUTHERLAND: Last year in the vote there was an amount for preliminary work in connection with a new trawler. The naval staff have been very insistent that we needed one or two new trawlers, because the Thiepval that we had on the western coast was sunk some three years ago. This year the Ypres is out of commission; I do not think it will ever be going again. They urged that very strongly last year, and an item for preliminary expense was included. That is cut out this year and the idea given up for the time being.

Mr. RALSTON: It was not spent last year?

Mr. SUTHERLAND: No.

Mr. RALSTON: What is the program in regard to naval training this year—the same as last?

Mr. SUTHERLAND: Practically the same. The two destroyers on the eastern coast this year have been taking a trip in southern waters The two on the western coast went further south in the Pacific. The general plan of training is practically the same as last year.

Mr. COOTE: How many boats have we?

Mr. SUTHERLAND: We have six boats in commission—two destroyers and one mine sweeper on each coast.

Mr. COOTE: Is the bulk of this money used for salaries, or is it upkeep of the boats?

Mr. SUTHERLAND: It is practically all for salaries. These boats have to have a certain amount of refitting in the dry docks every year, and staffs are maintained at the dry docks for that purpose.

Mr. COOTE: What is the total personnel?

Mr. SUTHERLAND: About 850.

Mr. COOTE: How many officers and how many other ranks?

Mr. SUTHERLAND: There are 89 officers; that would leave about 790 other ranks.

Mr. COOTE: Could the minister tell me what the rate of pay is for the ordinary seaman? If he cannot find the information he can give it to me at some other time. I thought surely the officers would know the daily rates of pay.

Miss MACPHAIL: They know the officers' rates.

Mr. RALSTON: How is the minister getting on with the Canadian personnel?

Mr. SUTHERLAND: We are gradually getting on with the personnel. At the present time we have on loan from the Royal Navy 8 officers and 66 other ranks.

Mr. POULIOT: May I ask the minister if there will soon be some vacant positions in the royal navy?

Mr. SUTHERLAND: At the present time we are not taking on any men, because the estimates have been cut, and the wastage, that is the gradual dropping out of men, is very small. Consequently there are practically no new openings.

Mr. POULIOT: There are only 66 men?

Mr. SUTHERLAND: No, the 66 are men that we have from the royal navy who have been on loan. Now I have the information as to pay: Ordinary seamen, $1.25 a day; stokers, $1.35; artificers, $2.10; artisan ratings, $2.10. Then they take on some younger boys at 60 cents a day.

Mr. COOTE: For how long do these men serve?

Mr. SUTHERLAND: A seven year term.

Item agreed to.

Royal Canadian Air Force—all expenses in connection with the general maintenance of the air force, including training personnel for civil aviation, and provision of the necessary facilities therefor; also

Civil Aviation—all expenses in connection with civil aviation, including the control of commercial and private flying, construction and maintenance of airways and aids to air navigation, airship bases and flying clubs, etc., $1,600,000.

Mr. ROSS: I wish to say something on this item but I shall not have time now. I wonder whether the minister would call it eleven o'clock.

Item stands.

Progress reported.

On motion of Mr. Bennett the house adjourned at 10.55 p.m.

Monday, March 20, 1933

The house met at three o'clock.

UNEMPLOYMENT RELIEF

Mr. GORDON: I desire to lay on the table of the house certain orders in council passed pursuant to the relief legislation.

CRIMINAL CODE AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved for leave to introduce Bill No. 53, to amend the criminal code (offensive weapons).

Some hon. MEMBERS: Explain.

Mr. GUTHRIE: This bill is introduced in response to a very large number of resolutions and requests that have come from public bodies throughout Canada, nearly all of them asking for legislation to prohibit the importation, manufacture and sale of pistols and revolvers. The house is aware that to grant a request of that kind would involve very serious constitutional questions as between the rights of the dominion and those of the provinces. As a matter of fact, upon inquiry, I find that there is no manufacture in Canada of pistols or revolvers. I also find that the importation of pistols and revolvers is already prohibited under the Customs Act except under permit from the Minister of National Revenue.

The remaining question is as to the sale of these articles. In the bill which I am introducing, I have endeavoured to provide further safeguards to restrict the sale, possession and carrying of pistols, revolvers and other offensive weapons. I have endeavoured to recast the provisions of the criminal code in respect to these matters and I think on the whole the present clauses have been very much strengthened.

Motion agreed to and bill read the first time.

NEW ZEALAND BUTTER

On the orders of the day:

Mr. SAMUEL GOBEIL (Compton): I should like to direct a question to the government. There is a rumour to the effect that several thousand boxes of New Zealand butter are on the high seas on their way to Canada. My question is: Can the government confirm that rumour and, if so, are any steps being taken in regard to the matter?

Right Hon. R. B. BENNETT (Prime Minister): There is on the order paper question No. 3 couched in somewhat similar terms.

The government cannot indicate with any degree of certainty the number of pounds of butter that are on the ocean from New Zealand to Canada, but it has been advised that substantial quantities of New Zealand butter are on the ocean en route to this country. The government has, under the provisions of the trade agreement, taken appropriate action to deal with the situation.

Mr. LAPOINTE: A sister nation's butter.

Mr. BENNETT: The hon. gentleman refers to sister nations. We have a contract and in its terms we had foresight enough to provide for this contingency. We have taken appropriate measures accordingly.

Hon. W. D. EULER (North Waterloo): Referring to the Prime Minister's answer in regard to the importation of New Zealand butter, might I be bold enough to ask what is the natural and appropriate action which has been taken?

Mr. BENNETT: I would refer my hon. friend most respectfully to the terms of the agreement itself, article IV.

ASSISTANCE TO PROVINCES

On the orders of the day:

Mr. W. G. WEIR (Macdonald): As rumours are appearing in the press at the present time regarding the financial assistance that is being given by the Dominion government to the provincial governments, particularly of the west, may I ask the Prime Minister whether there have been any recent communications with the provincial governments regarding this matter and, if so, say since March 1, whether he would be prepared to lay any such communications on the table?

Right Hon. R. B. BENNETT (Prime Minister): Communications have been had with the four western provinces. Letters were dispatched to the premiers of Manitoba, Saskatchewan, Alberta and British Columbia with respect to their financial position. A reply was received this morning from Manitoba; a telegram was received indicating that a reply from British Columbia was in the mails, and a telephone communication revealed that in Saskatchewan the matter is under consideration. The situation in Alberta is, of course, somewhat different from that in the other provinces. When the replies have been received, the letters with the replies will be given to the house.

RADIO STATION CRBO

On the orders of the day:

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): May I direct a question to the Minister of Marine (Mr. Duranleau), regarding a news item which appears on the first page of the Montreal Gazette of Saturday concerning the erection of a radio station by the radio commission? I notice that there will be four letters "CRBO." What would be the meaning of such letters, and is the last "O" a number or a letter?

Mr. SPEAKER: In my opinion that is a frivolous question.

CANADIAN ANTHRACITE COAL COMPANY, LIMITED

Mr. G. D. STANLEY (East Calgary) moved the second reading of Bill No. 47, respecting the Canadian Anthracite Coal Company, Limited.

Some hon. MEMBERS: Explain.

Mr. STANLEY: The purpose of this bill is to ratify an agreement that was made in connection with the Canadian Anthracite Coal Company, Limited, whose property is located at Canmore, Alberta. Thirty years ago the company were in some financial difficulties, and the shareholders, very small in number all told, made an arrangement for certain transfer of shares between themselves and the elimination of a certain amount of bonds. Some doubt has been cast upon the legality of the action that was taken thirty years ago, and the purpose of this bill is simply to ratify the agreement that was made between the shareholders at that time.

Motion agreed to and bill read the second time.

DEVONSHIRE JOCKEY CLUB

Hon. RAYMOND D. MORAND (East Essex) moved the second reading of Bill No. 51, to incorporate Devonshire Jockey Club.

Some hon. MEMBERS: Explain.

Mr. MORAND: This bill is made necessary because one of the existing jockey clubs has been operated under a receivership for some time, and in order to wind it up and convey the assets, special legislation is necessary because under the Bankruptcy Act only the physical assets can be conveyed, and not the right to race. This is not a new charter nor a new race track of any kind.

Motion agreed to and bill read the second time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

BEAUHARNOIS POWER PROJECT

Mr. BARRETTE:

1. Is the contract dated December 10, 1908, respecting the leasing of the old Beauharnois canal, to which the Minister of Railways and William Cassell McIntyre and Edmond Arthur Robert were parties, still in force?
2. Was the contract transferred to some other party, and who holds the contract at the present time?
3. Are the obligations arising out of this contract still in force, and if any modifications have been made, what are they?
4. Are clauses 16 and 17 of the original contract respecting the transfer of the lease of the old Beauharnois canal still in force?
5. If these clauses in the contract were cancelled, what reasons were adduced for their cancellation?
6. Were similar clauses embodied in the agreement concluded between the federal government and the Beauharnois Light, Heat and Power Company?
7. Was a guarantee to the effect that this company will not amalgamate or merge or sell any of its shares to the Montreal Light, Heat and Power Company inserted in the contract of the Beauharnois Light, Heat and Power Company?

Mr. BENNETT: The answer to this question was prepared a few days after it appeared on the order paper, but there seems to be some doubt as to what the seventh question means, whether it refers to contracts which are solely under the control of the provincial authorities or to arrangements made with the dominion. It will perhaps be remembered that the province, and not the dominion, made the grant of the water power rights in the first instance. The question need not be dropped. If the hon. gentleman in the light of the explanation will indicate clearly what he means, the answer will be provided.

NEW ZEALAND BUTTER IMPORTATIONS

Mr. REID:

1. Has the government been advised of expected importation of New Zealand butter, during the present month, to be followed by further shipments later on?
2. If so, how many pounds are reported to be expected (a) this month; (b) by later importations?
3. What steps, if any, have been taken by the government to protect the interests of Canadian dairymen?

Mr. BENNETT: The question has been answered.

Mr. REID: The information given by the Prime Minister is not what I was asking for. I was asking how many pounds of butter, as well as what steps. I understand that certain steps have been taken, and the information in that regard has not been given to the house.

Mr. BENNETT: I said that we were not in a position to indicate the number of pounds. That will be determined by the number of pounds that arrive. As to the last question I said that we had taken appropriate steps under the terms of the trade agreement, and the hon. member for North Waterloo (Mr. Euler) wished to know what that referred to, and I referred him to article IV of the agreement.

JAM PURCHASES

Mr. BOULANGER:

1. Have jams been purchased from J. Gobeil of La Patrie, county of Compton, Quebec, from August 7, 1930, to date, by (a) the government of Canada or one of its departments; (b) the Canadian Government Merchant Marine; (c) the Canadian National Railways; (d) the Canadian National Steamships; and (e) the parliamentary restaurant?
2. If so, what quantity and what was the value of such purchase in each instance?

Mr. MANION: The government has no information with regard to the railways purchasing materials of this kind, and the railways in reply to our request for the information took the attitude that it is not in the interests of the public or in the interests of the railways that it should be given out.

Mr. SPEAKER: Dropped.

MONTREAL HARBOUR BOARD EMPLOYEES

Mr. POULIOT:

1. How many new employees have joined the staff of the Montreal harbour board since January 1, 1933?
2. On what date was each employee hired?
3. What was the previous address of each such employee?
4. By whom and to whom was each one recommended?

Mr. BENNETT: The government has no information, is the answer to the question. I need hardly do more than direct the attention of the house to the impossibility of even the harbour board being able to supply the previous address of each employee taken on in connection with a work of that character, whether taken on by day labour or otherwise.

Mr. SPEAKER: The question should not have been put on the order paper. Dropped.

DOMINION TAX-FREE BONDS

Mr. POULIOT:

1. Are there any more dominion tax free bonds held by certain persons?

2. If so (a) what is the name of such persons; (b) the amount held by each one of them?

Mr. BENNETT: "Are there any more dominion tax free bonds held by certain persons?" That is rather a difficult question to answer. I am not able to understand exactly what it means. The second part of the question reads, "If so, (a) what is the name of such persons; (b) the amount held by each one of them"? It is clearly obvious that the government cannot answer such a question as that regarding a public sale of securities.

Mr. SPEAKER: Dropped.

TUG OCEANEAGLE

Mr. COOTE:

1. Does the government own the steel tug Oceaneagle?
2. If so, when was it purchased?
3. From whom was it purchased?
4. Were any alterations or repairs made to this tug subsequent to its purchase?
5. If so, what was the nature of these repairs and alterations?
6. Who performed such alterations and repairs?
7. What was the cost of same?

Mr. MANION:

1. Yes.
2. September, 1927.
3. St. John Dry Dock Company, Saint John, N.B.
4. Yes.
5. Framing at bow was strengthened and bow plates thickened for service in ice; smoke stack extended; wooden fenders replaced by steel plates; new propeller supplied as spare; towing machine installed.
6. The Davie Ship Building and Repairing Company, Limited, Lauzon, Quebec.
7. $18,600. Towing machine installed was purchased by the department from Corbet Foundry & Machine Company, Limited, Owen Sound, Ontario, at a cost of $3,032.

BACH PENINSULA STATION

Mr. CHEVRIER:

1. When was the Dominion government station at Bach Peninsula last visited by the Dominion government relief ship?
2. How long has the present contingent of Dominion government officers at Bach Peninsula station been at that point without having been visited by the Dominion government relief ship?
3. How many people were in the said contingent when it was first stationed at said point?
4. Did the expedition under Major D. L. McKeand in its last northern expedition reach the said Bach Peninsula?
5. If not, what was the reason therefor?
6. Since the establishment of said Bach Peninsula station what is the longest period of time during which the said station has remained without being visited by the Dominion government relief ship?
7. What was the total cost of the said expedition sent out in 1932?
8. What was the cost of every (separately) such expeditions to Bach Peninsula station since its establishment?

Mr. MURPHY:

1. In 1931.
2. Answered by No. 1.
3. Three.
4. No.
5. Unfavourable ice conditions.
6. Three years.
7. $23,810.95.
8. 1926-27, $55,871.45; 1927-28, $67,270.39; 1928-29, $49,647,17; 1929-30, $50,945.50; 1930-31, $49,147.86; 1931-32, $49,301.55; 1932-33, $23,810.95.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FRASER RIVER ELEVATOR

Mr. REID:

1. Has the elevator on the Fraser river been leased to any firm or company?
2. If so (a) to whom has it been leased; (b) when was the lease signed; and (c) what are the terms of the lease?
3. If it has been leased, was any money either by way of cash, bonds or cheques paid by the lessee to the New Westminster harbour board up to March 6, 1933; if so, what amounts were paid and on what dates were any such amounts paid?
4. What amount of wheat has been shipped out of this elevator from September 1, 1932, up to the present time?

DOMINION GOVERNMENT DEPUTY MINISTERS

Mr. BARRETTE:

1. What was the total number of deputy ministers in 1881 and 1882?
2. How many were English-speaking?
3. How many were French-speaking?
4. How many were appointees from the province of Quebec?
5. What are their names?

DEPARTMENTAL AND ROYAL COMMISSION REPORTS

Mr. BOURGEOIS:

1. What annual or special reports, or other official publications, were issued by each department of the government or by royal commissions since April 1, 1932?
2. Which of the above were issued in the English and French languages?
3. Which have been translated by the general translation branch of the House of Commons?
4. Which have been translated in the departments?

MOTIONS FOR PAPERS

RURAL MAIL DELIVERY—NICOLET COUNTY

Mr. DUBOIS:

For a copy of all telegrams, correspondence, petitions, reports, communications and other documents, respecting the renewal of the contract held by Mr. A. Perusse in connection with rural mail delivery on route No. 1 of Ste-Eulalie, county of Nicolet.

MR. VICTOR ROBILLARD

Mr. HURTUBISE (for Mr. Parent):

For a copy of all documents, letters, petitions, correspondence, and proceedings of inquiries, respecting the resignation of Mr. Victor Robillard, as postmaster of the town of Ste-Therese, county of Terrebonne, covering the year 1932 and the current year to date.

BILINGUAL CURRENCY

Mr. BOULANGER:

For a copy of all correspondence or petitions forwarded to the government or any member of the ministry, by any person or association, from August 7, 1930, to date, requesting the coinage of Dominion metallic currency and the printing of Dominion notes in the two official languages of the country.

DOMINION NOTES

Mr. BOULANGER:

For a copy of the last contract granted by the government of the Dominion of Canada for the printing of Dominion notes issued under chapter 41 of the revised statutes of Canada, 1927.

TADOUSSAC-BAIE ST. CATHERINES SERVICE

Mr. MACKENZIE (Vancouver) (for Mr. Casgrain):

For a copy of all correspondence, telegrams, documents and petitions, forwarded to the Hon. Minister of Trade and Commerce, from February 1, 1933, to date, respecting a twice-daily boat service between Tadoussac and St. Catherines Bay.

MISS RUTH EDWARDS

Mr. GAGNON:

For a copy of all letters, petitions, complaints, correspondence and other documents exchanged from 1925 to 1930, between the Department of Agriculture at Ottawa or any of its branches at Ottawa and the Civil Service Commission, or any branches of the said department in the various provinces of Canada or the various officials of the department at Ottawa, or elsewhere, respecting Miss Ruth Edwards, her work, conduct or transfer to Ottawa, Montreal, or elsewhere.

TRACADIE LAZARETTO MEDICAL SUPERINTENDENT

Mr. VENIOT:

For a copy of all correspondence received by the Department of Pensions and National Health from all sources, including reports and correspondence between the Department and Civil Service Commission, with reference to the appointment of a medical superintendent of the lazaretto at Tracadie.

PETER VERIGIN

Mr. DUFF (for Mr. Ilsley) moved:

For a copy of all telegrams and letters to and from the Prime Minister, or the Minister of Immigration, or any official in the Department of Immigration, between January 28 and February 28, 1933, referring to Peter Verigin.

Mr. BENNETT: Before the motion is adopted I desire to inform the house that communications sent from a minister to an official would be privileged and should not be brought down. The public documents, of course, will be.

Mr. SPEAKER: Carried.

Mr. BENNETT: With that understanding.

Motion agreed to.

SALISBURY, N.B., RURAL ROUTE

Mr. VENIOT:

For a copy of all correspondence, reports, and other documents with relation to a change effecting rural route No. 2, Salisbury, New Brunswick, by which a change was brought about in the original contract, and showing the cause assigned for changing the hours at which the mail man should receive the delivery of mail matter on the arrival of trains from east and west (Moncton and Saint John).

I wish to withdraw this motion. I have been informed by the department that they have not the information at hand, but that it will be secured later.

Mr. SPEAKER: Withdrawn.

HAYSPORT, B.C., POSTMASTERSHIP

Mr. HANSON (Skeena):

For a copy of all documents, requests, petitions, and correspondence, respecting the change in the postmastership at Haysport, British Columbia, from the time the change was contemplated until the present.

Mr. BENNETT: With respect to the closing words of the motion, "from the time the change was contemplated until the present" I would suggest that if the hon. member would substitute the expression "during the years 1930, 1931, 1932 and 1933" he would probably get the information he wants. It is difficult to say when a change was contemplated, or who did the contemplating.

Mr. HANSON (Skeena): I should like the information from 1929.

Mr. SPEAKER: The hon. member substitutes the expression "from 1929 until the present." Shall the motion as amended carry?

Motion as amended agreed to.

DOMINION NOTES

Mr. BOULANGER:

For specimen copies of Dominion notes issued and printed under chapter 41 of the revised statutes of Canada, 1927.

Mr. BENNETT: It seems to me this is an improper request. It means the mutilation of a bill and the accounting for it through the Department of Finance and the comptroller. The hon. gentleman is as familiar as everybody else with the notes of the country, and I submit this is not a proper request to put upon the order paper. Everybody has one in his pocket.

Mr. LAPOINTE: No, no.

Mr. SPEAKER: Does the hon. gentleman suggest any amendment?

Mr. BENNETT: I suggest the hon. member drop the motion.

Mr. SPEAKER: Shall it be dropped?

Mr. BOULANGER: Yes.

Mr. SPEAKER: Motion dropped.

UNEMPLOYMENT AND FARM RELIEF

CONTINUATION FOR ONE YEAR OF PROVISIONS OF RELIEF ACT, 1932

The house resumed from Friday, March 3, consideration in committee of the following proposed resolution—Mr. Gordon—Mr. Smith (Cumberland) in the chair:

Resolved, that it is expedient to introduce a measure to continue in force the provisions of the Relief Act, 1932, until the 31st of March, 1934.

Mr. MANION: Mr. Chairman, I move that the resolution be further amended by adding thereto the following words:

And that provision be made for accepting securities from the provinces for such loans, advances, guarantees, etc., as may be advanced by the government, and that provision also be made for the maintenance of peace, order and good government throughout Canada.

Mr. LAPOINTE: Hear, hear.

The CHAIRMAN (Mr. Smith, Cumberland): The clerk informs me that the first amendment was not carried. I shall read it:

That this resolution be amended by adding thereto the following words:
Provided however that the amount to be paid for direct relief for the fiscal year ending the 31st day of March, 1934, shall not exceed the sum of twenty million dollars.

That was the first amendment. The question is on the first amendment.

Mr. MACKENZIE KING: Shall we dispose of it first?

Mr. BENNETT: Take them all together, if you wish.

[Mr. Speaker.]

Mr. POULIOT (Translation): Mr. Chairman, on March 2 last, I had the honour to submit to the house certain suggestions in connection with colonization. I wish to thank the newspapers which echoed throughout the country my humble remarks made in the house.

The "Droit" on March 3, in an article signed by Leopold Richer, stated:

The two foremost speeches were delivered by Mr. J. A. Bradette, liberal member for Temiskaming North, and Mr. Jean-François Pouliot, liberal member for Temiscouata. Mr. Bradette had spoken at length, last Friday, so he simply completed his speech yesterday. As to Mr. Pouliot he fearlessly criticized the way the movement of Back to the land was managed in the province of Quebec.

The Ottawa Journal and Citizen, the Mail and Empire, of Toronto, the Toronto Daily Star, the Border Cities Star have published articles in this connection. The latter paper published an article signed by Mr. H. M. Morden:

Jean François Pouliot, liberal member for Temiscouata, attacked the working out of the plan. He told of unqualified people being sent to unproductive, virgin districts, huddled together promiscuously in shacks, and in some cases forced to subsist on grass and roots. It was a harrowing picture which moved Mr. Gordon to rather incredulous horror.

The Toronto Globe published the news item on the front page, in its first column, and followed it the next day by an editorial which ends as follows:

By careful selection and under sympathetic supervision and instruction a great deal may be done by way of opening up on the land a new and better life for many people now sorely distressed; but if those who, because of lack of experience, and generally unfitted for farm life, are left to their own resources they will depart at the first opportunity. And the last state of these will be worse than the first.

Which is true.

The "Devoir" on March 3, published the following, signed by Emile Benoist:

One of the splendid speeches made to-day was that of Mr. Jean François Pouliot, member for Temiscouata. He attacked the method of colonization which is being followed, at present, in Quebec.

The Gazette of Montreal, published the news item on its front page. "La Presse", also of Montreal made an excellent report. The Montreal Daily Star, under the signature of Norman M. McLeod wrote as follows:

Mr. Pouliot's charges with respect to the back-to-the-land policy in Quebec province were also of a nature which could not be ignored.

"Le Canada" published an excellent report sent by the Canadian Press, "La Patrie" had also a good report, as did "l'Action Catholi-

que", and "Le Soleil", while "l'Evénement" also reproduced a Canadian Press despatch. "L'Union Catholique des cultivateurs" owns a newspaper known as the "Terre de Chez Nous". In the latter newspaper, dated March 15, last, an editorial appears on the front page, which is as follows, under the heading:

Colonization at Ottawa

On March 2 last, in the House of Commons, at Ottawa, Mr. J. F. Pouliot, delivered a splendid speech on the errors of the ways of colonization; we regret, however, that he took to task l'Union Catholique des Cultivateurs".

This was a misunderstanding. It sometimes happens that I am mistaken, however, when I am, I hasten to apologize so as to be fair to everybody. The following is the letter which I received from Mr. R. M. Pucet, chief editor of this newspaper:

Montreal, March 8, 1933.

Mr. Jean François Pouliot,
Member for Temiscouata,
Dominion Government,
Ottawa.

Dear Sir,—

We read with the greatest of interest your speech delivered on March 2, in connection with colonization, we wish to convey to you our sincere congratulations as we agree with you on many points. We noted, on page 2799 of Hansard, that part of your speech where you refer to l'Union Catholique des Cultivateurs" and we wish to say that we sincerely regret that statement.

In fact, at our general congress, the question of colonization was the subject of a talk by Mr. Albert Rioux, who has since become President of our Association; we are forwarding to your address, under separate cover, a copy of the "Terre de Chez Nous" dated November 23, you will find in it a complete report of the U.C.C.

This report was the result of an inquiry held by the U.C.C., previous to the congress. A questionnaire was sent to the 560 associated groups of the U.C.C., throughout the province, and it was by basing his conclusions on the numerous answers received, that Mr. Albert Rioux prepared his lecture which was, so to speak, the principal dish on the menu of the congress. We are forwarding to your address a copy of the U.C.C. dated August 31, in which was published this questionnaire.

A resolution with reference to settlements was forwarded to the hon. Hector Laferté, Minister of Colonization, at Quebec. The U.C.C. was right in its views, that it devolves upon the provincial government to first assume the responsibility in respect to colonization and come to some arrangement with the Dominion government.

Since then the U.C.C. has pursued its work and—trusting that you will not be annoyed in receiving all these copies of our newspaper, relating to colonization—we take the liberty of sending you the text of a lecture given by your humble servant on the 3rd instant and published in the newspaper of that date.

We trust, sir, that you will agree with us that "l'Union Catholique des Cultivateurs" is carrying out its good work and if errors are committed, it should not be blamed, one should endeavour to discover them in a higher sphere.

Believe us, sir,
Yours sincerely,
The Union Catholique des Cultivateurs Inc.
(Signed) R. M. Pucet,
Editor.

My reply was as follows, on March 9.

Mr. R. M. Pucet
Editor of the "Terre de Chez Nous"
5505 St. Lawrence Boulevard,
Montreal, P. Q.

Dear Sir,

Your letter of March 8, to hand, for which I wish to thank you, and also for your kind congratulations. It is, indeed, unfortunate that one cannot find the time to read what is published in our province.

I carefully read over a letter, dated November 19, last, from Mr. Boucher, your general secretary, addressed to the members of the House of Commons. In thanking him, I added, that I much regretted that there was no reference made to colonization.

I am very much pleased indeed, that you have sent me copies of the "Terre de Chez Nous" dated August 31, 1932, and November 23, 1933.

I have only had time to glance over them, however, I shall do my utmost to read them when my mind is clearer, between now and the end of the week.

Allow me to sincerely congratulate you on your lecture published on March 8, last. I read it, and shall again read it over.

In closing my letter, may I again thank you for the documents you forwarded to me, I shall deem it a duty to see that justice is done to you when the debate on unemployment is resumed; trusting also that I shall have the pleasure of personally thanking you before long.

Sincerely yours
(signed) Jean-François Pouliot

On March 2, the opportunity was afforded to me to submit to the house certain important documents. I did not have them with me, so I quoted from memory. There had been an inquiry held by "l'Action Catholique," an important newspaper of Quebec, under the heading "must our society be ruralized"? The first letter, in connection with this inquiry, was written by His Grace Mgr. Villeneuve, Archbishop of Quebec, and to-day, His Eminence Mgr. Villeneuve, Canadian Cardinal. Previous to reading certain excerpts from this letter of my reverned Archbishop, I wish to state that I greatly regret that the House of Commons did not follow the example set by the Quebec Legislative Assembly, and vote an address of thanks to the Holy Father, on the occasion of the appointment of Mgr. Villeneuve as a member of the Sacred College. The house adjourned once when an oriental prince visited Ottawa. I think it would have been but fair to acknowledge the honour bestowed by the Holy Father, on the Catholics in Canada, and, which reflects great honour, not only on the Quebec diocese, but on the

whole country, because a Cardinal is a Prince of the Catholic church. Bearing such a title, he has the same standing as a royal prince and has a right to the same honours. Since the government did not think it proper to address, officially, its congratulations to the Holy Father, I think that I am expressing the feelings of the members of the House, whatever be their religious belief, in expressing to the sovereign pontiff the gratitude of the whole of Canada, on the occasion of this excellent appointment to the Sacred College. Mgr. Villeneuve stated, in his letter dated Jan. 11, 1933 and published on January 12, in "l'Action Catholique."

The rural problem is one which affects everybody, it is the elementary problem of society. The fundamental formula which will solve it, is to make the land produce what the farmer requires for himself and the other classes of society.

And His Eminence Cardinal Villeneuve ends his letter as follows:

The fair and sincere co-operation of everybody, individuals and social bodies, with public authorities, the latter being conscious of their responsibility for the public welfare, that is the solution of the farming problem, and the golden rule for all social problems, even those of today.

I remain, sir, yours very devotedly in J.C. and M. I.,

J. M. Rodrique Villeneuve O.M.I.
Archbishop of Quebec.

Mr. Chairman, another very important letter was written by Rev. Father Bonhomme, a highly esteemed Oblate Father of Hull. He refers, in "l'Action Catholique" of January 20, 1933, to the excellent work which has been accomplished by "La Conférence Saint-Vincent-de-Paul de Notre-Dame" of Hull, in connection with the back to land movement. I have not the time to read the whole letter, however, the Rev. Father Bonhomme insists that the settlers should be placed, when possible, on lands that have already been farmed and are not occupied, in old established parishes.

Still another most interesting letter was published in the same newspaper, on February 18, signed by the Rev. Father Alexandre Dugré, Provincial of the Jesuits in Canada. I shall read the following excerpt:

To ruralize society, means ruralizing many things, beginning, first, with the soil itself: have we not in Quebec 26,000,000 acres of fertile forest land which could be turned into farms, yet cannot be cleared? Enclosed within timber limits, they are tabooed, condemned to only grow spruce trees and ferns, thus held in bondage forever. Should we not take advantage of the trade depression in lumber to free 2,000,000 acres, or 20,000 lots for colonization purposes, a territory equal to 100 new parishes?

One of the remarks I made on March 2, was as follows: First, lands should be classified. I do not think that any difficulty would be encountered in this respect. It is clear that lands should be classified and that there should be a difference established between timber lands and farming lands before placing settlers on them. My second remark was the following: After the lands are classified, the new settler should be selected accordingly.

The following is what his Lordship Mgr. Hallé, Vicar Apostolic of northern Ontario, states, in "l'Action Catholique" of February 9, 1933:

We note, by a long experience, that the settlers must be well chosen by people who are familiar with their work, experts in colonization.

First, one must find out by what the future settlers say—or endeavour to conceal—whether they are men with determination, energy, and show a willingness to work.

Note that I state men and not young men because the latter left by themselves—with few exceptions—do not succeed; they become discouraged.

With the desire to work, the future settler must be attached to the land, if not through heredity, at least by training. Without such attachment, no great or difficult task can be accomplished. His wife must also have a liking for the land in order to help her husband and at times encourage him should he weaken.

A third very important qualification is an aptitude to learn all about farming. The hon. Minister of Agriculture is unceasingly pointing out the necessity of agricultural science to farmers. He is entirely right. The same applies to the new settler. Otherwise the work becomes a routine, and discouragement and failure follow.

Further on Mgr. Hallé continues:

People who simply wish to change locality just for the sake of making a trip—and they are numerous—the people who wish to settle on new lands only to cut the pulpwood or other kinds of wood, the people who lack energy, show no aptitude and attachment for the land should not deceive themselves in thinking they are doing a great honour to settlements. They soon become a drag, an unbearable burden to the small communities which have no pecuniary means to support them.

In "l'Action Catholique" of December 17, 1932, I note the following:

446 families are settled on lots. A total of 2,876 people—Quebec sent a contingent of 1,204—the service of a nurse.

Since September 1, 446 families, comprising 2,876 people have been settled on colonization lots. These figures are furnished by Mr. J. S. Marcotte, director of the back to the land scheme. The number is made up as follows:

Cities—	Heads	Dependents
Quebec	236	1,204
Montreal	55	333
Hull	43	216
Three Rivers	56	337
Sherbrooke	12	62
Lachine	9	47
Victoriaville	8	51
St. Georges de Beauce	20	126
Ville St. Pierre	4	26
Ville St. Rachel	1	5
Levis	1	12
Notre Dame de Ham	1	11
Total	446	2,430

In a speech which the hon. Minister of Colonization, Mr. Laferté, delivered in the Quebec legislative assembly, he quoted certain excerpts from the reports which were made by the Rev. Mr. Bergeron, and by other colonization agents, and while the house still recall the wise suggestions made by Mgr. Hallé, may I read what the report of the Rev. Mr. Sirois states:

I hasten to state—the Rev. Mr. Sirois says—that the failings which I apprehended among last year's settlers did not appear. Will these settlers with an occupation not of their choosing, for many of them—

I lay stress on the words "occupation not of their choosing."

—take really root! I am inclined to think so, at least to hope so, and the crisis, under the circumstances, will have been almost a blessing.

I do not think, sir, that it is a blessing to have settlers with an occupation not of their choosing because to keep a settler on the land, he must be greatly attached to the land and show a desire to farm it.

Another remark which I made, sir, and it was my third suggestion, was that colonization roads were required, it was necessary to build roads previous to granting lots. In the "Devoir" of January 21, 1933, I find a report of a lecture broadcast by the Rev. Mr. Georges M. Bilodeau, a colonization agent. In the third column I find the following:

Secondly, with these grants, roads must be constructed. It is by constructing roads that a settlement begins and I do not hesitate to state that it is the most economic method.

In fact he is quite right, however, he is only repeating what I told him when I met him on a train last December.

I mentioned in my speech, on March 2, the views expressed by Mgr. Ross. I had not with me at the time his letter, however, I have it here now; it will be interesting to hear what His Lordship, the Bishop of Gaspé, has to say in connection with the ruralizing of our society:

On the other hand, he states, in "l'Action Catholique" of January 14, 1933, there is a lack of control. This fact, in my opinion, is as indisputable and universally acknowledged as the other. In many problems which are closely wrapped up with our national life—and the back to the land is one—wonderful views are expressed, laudable schemes are proposed, generous endeavours are made; there lacks, however, cooperation between these forces which are scattered, a strong hand to unite them, one mind to direct them in the light of a well conceived plan, having a clearly defined aim.

It therefore seems to me that present efforts should tend towards not so much convincing as organizing and bringing the movement to a happy goal.

Who will be the driving power of this movement? What strong hand will unite these forces and see that the necessary directions are followed out? That is, in my opinion, the practical side to which we must direct our attention.

This letter, sir, bears the signature of Mgr. Ross, Bishop of Gaspé.

Following this letter, may I read another which was sent to "l'Action Catholique" by my excellent friend and distinguished colleague, the hon. member for Bellechasse (Mr. Boulanger), and published on January 18, 1933. The third paragraph states:

I wonder whether the farmers, especially in the Eastern part of Canada, do not form the class of citizens which are the most neglected and forsaken by public bodies, notwithstanding the laudable endeavours made on their behalf by the Quebec government.

The views, sir, of another great colonizing agent, an eminent member of the clergy, are those of Monseigneur Lapointe who was for a long time Vicar General of the diocese of Chicoutimi.

The following is what he writes in "l'Action Catholique" of January 24, 1933; in reply always, to the question: Must we ruralize our society?

Yes, let us ruralize. That is first: let us colonize. But let us colonize in the way settlements should be carried out, to-day; let us have a policy which is well conceived, regulated, consistent and strictly adhered to. Let us part with the old methods.

Have we ever had in our province a national policy on colonization? It is an undeniable historical fact—that seems a paradox—that for the past century at least, if not always, official public assistance, most of the time, has been too much delayed, has always followed the settler and never preceded him.

Thus colonization has always had the pace of a tortoise. And at the cost of what hardships!

I do not wish my words to be misinterpreted. The other day, at the Quebec Legislative Assembly, Mr. Barré, the member for Rouville, stated, according to the following report, as published by "l'Action Catholique" on March 10, 1933:

The hon. Mr. Laferté, at the outset of the sitting, yesterday afternoon, put things in their true lights with reference to a statement of Mr. Jean-François Pouliot, at Ottawa. Mr.

Barré taking no notice of Mr. Laferté's statement, contended that the member for Témiscouata was too much a liberal to exaggerate the abuses of the Quebec government.

I wish to thank Mr. Barré for the high regard in which he holds my liberalism, however, in my remarks I had no more the intention of attacking the Quebec government than I had of launching out to-day, in the house against the Minister of Labour. May I be allowed to discuss this important question from a non-political viewpoint—that is non-political in the generally accepted sense. This all important question is worthy of being fully studied without any prejudice, because the question is to find out whether the methods followed are the right ones or not. If they are let them so be proved, if not let them be changed.

There was a speech delivered by Mr. Authier, a member, probably of very little weight, who discussed the question of colonization, but from such a petty and narrow viewpoint, that I attach no weight to his opinion.

The hon. Mr. Laferté, Minister of Colonization, on the contrary, was courteous and I shall act accordingly towards him. In my opinion, it is the best way of applying the golden rule. According to "l'Evénement" of March 10, last. Mr. Laferté, referring to the member for Témiscouata, at Ottawa, made the following statement:

He even went so far as to contend that in Témiscouata, the new settlers were reduced, last summer, to feed on grass and roots and that in another section of the province they were lodged in a shack where men, women and children mostly strangers to one another had to live together under most deplorable conditions.

I deem it a duty to defend my province and compatriots against such charges. I have no idea where Mr. Pouliot sought his information, however, I wish to state in this Chamber that they are not according to facts, that even if such was the case in few isolated instances, we cannot be held responsible. The hon. member is free to comment as he pleases on public matters; personally I would not have referred to this incident, but unfortunately it was published by the Press, and the Ontario newspapers, among others, after such a statement, raised such a halloo-balloo, that the good name of our province has been questioned.

It is not a matter of the good name of Quebec being questioned. It is a question of remedying an evil, it is a case of being open minded enough to state the truth, and we earnestly believe, sir, that it is necessary and urgent that we should take this stand.

However, nothing can be done without proof, and this proof I have in a letter of the Rev. Mr. Bilodeau, himself, dated March 3, 1933, and published by "le Soleil" on March 6, 1933.

[Mr. Pouliot.]

The settlers, in 1931, were located in the Auclair and Biencourt townships. . .

In the county of Témiscouata.

. . . in concentration camps while awaiting the completion of their own camps and the arrival of their families. These concentration camps were modelled on lumber camps and the settlers were well fed and cared for, at least as well as in the lumber camps. Never were whole families grouped together.

That is, the Rev. Mr. Bilodeau contends that never were whole families agglomerated in concentration camps in the Auclair and Biencourt townships. However, that is not the point. It is neither what I stated. What I said was that the settlers had been lodged in so-called hotels in Timiskaming or Abitibi in the north, at least—that whole families were living mixed together in a shameful way. And I had the proof. On the same train with the Rev. Mr. Bilodeau, were men, women and children, children so young that the Rev. Mr. Bilodeau, himself, gave one a ride on his knee. They were sent to take possession of lots that they obtained either by location tickets or letters patent; however, there were no roads leading to those lots and these people were obliged to take refuge in those so-called hotels until roads were built to reach their lots. At all events, it was admitted by the Rev. Mr. Bilodeau, himself, that the settlers were placed in so-called lumber camps before they could reach the lots which were to be conceded to them.

I have, sir, received a number of letters from settlers who inquire what chattels are exempt from seizure on their land, and whether, in case of a lawsuit they could be forced to give up all they possessed. I have here my replies to these letters, in which I had the article of the Civil Code Procedure and the articles of the act protecting settlers, transcribed, so as to inform them what chattels they could withhold if they became involved in a lawsuit. They certainly cannot be well to do settlers who have need of such information. In the second part of his remarks Mr. Laferté expresses himself as follows:

"I shall, on my behalf, quote the evidence set forth by the colonization missionary agents of Témiscouata, the Rev. Mr. Léo-Pierre Bernier, this evidence may be found in the report sent to my department, at page 126. Referring to the county of Témiscouata, the Rev. Mr. Bernier expresses himself as follows:" As a practical result, four new parishes, which have their own resident priest, were settled: Auclair, (St. Emile), Biencourt, (La Nativité-de-Marie), Robins, (St. Jean de la Lande), St. Elzéar de la Petite Rivière Bleue; two missions: Lejeune et le Lac-des-Aigles and five older parishes were considerably enlarged: St. Benoit-Abbé, St. Eusèbe, les Etroits, Squatic and St. Juste-du-Lac.

Such a development in so short a time is unheard of in the annals of the colonization of

our county and perhaps of the province, thanks to the excellent policy of back to the land that your department advocated; thanks to the assistance extended under various forms, especially by the opening of new roads, direct assistance, special bonus, help in the form of charity, the distribution of seed-grain and grants to ferry boats carrying on a service for the settlers who are located beyond lake Témiscouata."

May I reply to the statement made by the Rev. Mr. Bernier by the statement made by a parish priest of one of these new parishes, that of St. Jean de la Lande, the latter wrote to me on March 1, as follows:

St. Jean de la Lande, March 1, 1933.

Mr. J. F. Pouliot,

Rivière du Loup.

Dear sir,—On behalf of all my parishioners, of St. Jean de la Lande, I am applying to you in order that you may use your good offices to obtain from the Minister of Railways a further increase of 10,000 sleepers of hard-wood in connection with the contract of Mr. Damase Lang, of Lake Baker. You are no doubt aware that we are living here under trying conditions; we have no soft wood, as all lumber required by trade was cut by the Fraser Company or destroyed by forest fires; there only remains hard wood upon which 95 families of settlers must depend for a livelihood; we receive direct assistance but in too small quantity to relieve all these people. Mr. Damase Lang has already been awarded a small contract for sleepers, but this contract was filled in a few days, and if no further increase is awarded to him, the entire population of this township will have to live on thin air, which you will agree, is not very nourishing.

It is still less nourishing than roots, leaves and grass.

Trusting that you may obtain for us this increase in the contract, which would accommodate everybody, believe me, sir,

Yours devoted in J. C.,

Léopold Desbiens, priest,

Parish priest of St. Jean de la Lande.

He forwarded by the same mail a petition addressed to the hon. Minister of Railways (Mr. Manion) which is as follows:

Petition

To the

Hon. M. Manion, M.P.,

Minister of Railways,

Ottawa, Ont.

Sir,

"We, the undersigned, settlers of St. Jean de la Lande, in the county of Temiscouata, province of Quebec, humbly request the hon. Minister of Railways to award Mr. Damase Lang, of Lake Baker, N.B. a contract:

Whereas St-Jean de la Lande is a new parish;

Whereas the whole settlement depends entirely on direct assistance;

Whereas this contract would be of precious help to us and would afford us work, we beg of you to kindly award said contract to Mr. Lang."

53719—200½

I have not the original copies with me, they are in the possession of the hon. Minister of Railways.

This, however, is not all. I could read dozens, hundreds of similar letters.

The following is a letter from a parish priest of another settlement in the county of Pontiac:

Belcourt, February 27, 1933.

Sir,

Allow me to forward to you this letter in order to interest you somewhat in the hardships with which my humble parish has to bear up. When to clothe ourselves we have to resort to fibre bags, there is no need of stating that the necessities of life are wanting. Nor is it necessary to mention that municipal taxes or church dues are not paid.

The church of Ste-Cécile-de-Courville is actually in a critical stage. Will it become bankrupt? The following is what Mgr. Louis Rhéaume wrote to me: "While awaiting the settlement of the problem, write to the bondholders and inform them that the church wardens have no funds". The liabilities incurred for the construction of the church only amount to $10,000 but the settlers have not a cent. The direct assistance, the work afforded to unemployed provided barely enough to keep them alive, but did not enable them to pay taxes.

Are we to sell the lots in order to collect the taxes and church dues? It does not seem right that people who have cleared the land at great sacrifice should depend on government, federal and provincial.

I therefore appeal to you to help our church, and this on behalf of my worthy and courageous settlers. The smallest subscription would be greatly appreciated. May I place your name on the subscription list?

Kindly accept my heartfelt gratitude and sincere thanks, in anticipation.

Yours very truly,

A. Marion, Priest.

It is when we hear of such appeals, that we regret not being millionaires and able to subscribe generously.

I think I have answered the questions of the hon. Minister of Colonization by producing undeniable evidence of the facts which he can ascertain at any time and which prove that the situation is more critical than it is generally represented to him. I am anxious to see this speech translated in English, on Monday, in order that the hon. Minister of Labour (Mr. Gordon) may read it.

Before closing my remarks, sir, there is a point to which I wish to draw the attention of the house. It is sometimes difficult, owing to friendships or deference for such and such a person, to openly express our views on certain important problems which are submitted to us; however, may I, first, refer to a letter published in "le Soleil" on March

6, by the Rev. Mr. Bilodeau, a missionary agent of colonization, it is as follows:

The member for Témiscouata has just made in the House of Commons—if I am to believe the report published by "l'Evénement"—a statement on the back-to-the-land movement which is, at least, extraordinary. He contends that, in his county, settlers were reduced to eat grass and were lodged like pigs.

Let me remind you, sir, that the parish priest of St-Jean-de-la Lande states that if the Minister of Railways does not come to the rescue of the settlers by awarding a contract for 10,000 sleepers, they will be obliged to exist on thin air.

The Gordon scheme of back-to-the-land was never applied to Témiscouata. On this point, Mr. Pouliot is not well informed.

Mr. Bilodeau is still worse informed than I am, because I have never stated that the Gordon scheme had been applied to the county of Témiscouata. He continues:

The Gordon scheme of back-to-the-land was only applied in 1932 and almost exclusively in Timiskaming and Abitibi. Heretofore those families never felt any hardships, notwithstanding whatever may be the opinion of the member for Témiscouata. Future alone will disclose what will be the success of this back-to-the-land movement; however, for the moment it seems successful.

Future alone will disclose what will be the success of this back to the land movement! Why? Because there is no plan, no system.

That there should be discontent or some complaints among a few settlers, is but natural. No great movement is undertaken without displeasing some one. As a whole, people are satisfied.

The best move which Mr. Bilodeau could make, would be to retire.

I would prefer in this matter to accept the evidence produced by the parish priests of these settlements, and this evidence is far from being as pessimistic.

When so many other eminent clergymen publish letters stating that there is no system followed as regards colonization, should the views of Rev. Mr. Bilodeau, to the contrary, prevail? He prefers, he states, to accept in this matter, the evidence produced by the parish priests of these settlements, and which is far from being as pessimistic.

What must we think of the letter written by the parish priest of St. Jean-de-la-Lands who feels anxious for his people, his flock, who are in distress and cannot see their way out?

I am in no way opposed, states Mr. Bilodeau, to the colonization movement being placed in the hands of the Trappists Friars, Oblate Fathers or the Clercs de Saint-Viateur. However, may I point out to Mr. Pouliot that the little faith he reposes in the secular priests who

[Mr. Pouliot.]

are connected with this work proves that he has no knowledge whatever of the self-sacrifice and self-denial shown by the secular priests to foster colonization. Ever since the founding of New France, the secular priests were, especially, the agents of colonization. Does Mr. Pouliot contend that these priests were never equal to their task?

No, sir, and all what Mr. Bilodeau writes in le Soliel is disgraceful. I never denied the great service performed in this country by the secular clergy, from the very moment they set foot on this soil. We must also bear in mind the service rendered at the outset of the colony by the Recollet Friars and the Jesuit Fathers a number of whom have just been canonized. Why did the secular clergy render such service to the country? It was because these priests were not civil servants. If, to-day, Mr. Bilodeau insults me so openly it is because he is an employee before being a missionary. And the reason why the members of the secular and regular clergy did so much good, not only in Quebec but throughout Canada and as far as the Mississippi valley, it was because they were especially and above all missionaries, they sought the Kingdom of Heaven before the kingdom of the earth, and the sooner Mr. Bilodeau realizes this fact the better it will be for him.

As a last thought, he states:

I regret, in a general way, that one should attack a beneficial movement approved by the majority of our well-thinking men in order to serve political ends. When one has worked for a number of years in the interest of colonization and that one is aware under what conditions these settlements have always been undertaken, one cannot complain that, within the last two years, the new settlers had to undergo much hardships. However, if we persist in telling the settlers that they are being neglected, we shall greatly increase the protests of the less desirable element among our new recruits.

What I state to be disgraceful, sir, is that they were lodged in a shack—whether it is designated as an hotel, concentration camp or whatever one may call it—it was disgraceful to bring courageous settlers from the cities to these places when there were not even roads leading to these settlements. In his correspondence to le Soleil as well as in a letter addressed to me later, Mr. Bilodeau does not deny that there were no roads leading to these settlements. Moreover, he clearly admits himself that it was unfortunate to send settlers on lots before building roads.

As a last thought, he states:

I regret, in a general way, that one should attack a beneficial movement approved by the majority of our well-thinking men in order to serve political ends.

There is no question here of serving political ends, but it is one of the country's interests, and if sometimes I have to say things that hurt, it is because I have at heart to defend the rights of the people in the house, "Salus populi suprema lex esto."

When one has worked for a number of years in the interest of colonization and one is aware under what conditions these settlements have always been undertaken, one cannot complain that, within the last two years, the new settlers had to undergo much hardships.

From various settlements information has reached us that the settlers were in distress, suffering from hardships, exhaustion, and feeling unhappy, it is because they are exhausted and unhappy that I wish to espouse their cause, to-day. I am certain that public feelings in Quebec and Ontario, as the press has informed us, side with us in this respect.

However, if we persist in telling the settlers that they are being neglected we shall greatly increase the complaints of the less desirable element among our new recruits.

What we ask is system, because it does not exist.

I wrote to the Hon. Mr. Laferté, Minister of Colonization, to draw his attention to certain facts, I sent him by registered mail my speech and I received a letter from Mr. Laforce, Colonization agent, a full three page letter which I have not yet read, but which must be very interesting. I read the first paragraph only. I replied as follows:

In reply to your letter of yesterday, may I state that in no way did I allude to you in the speech I delivered last Thursday on the back to the land movement. I was alluding to a provincial civil servant of whom I had requested the dismissal from the minister.

After Mr. Laforce was apprised that I had requested from the Quebec Minister of Colonization the dismissal of Mr. Bilodeau, I received the following letter from this Mr. Bilodeau:

I was handed the statement which you forwarded to me on my return from a mission trip where I probably had to undergo more hardships than you do in the house, as a member.

We have no hardships here because we work with a light heart, and he himself should have no hardships to undergo, if he travels in those settlements where hotels are so excellent; he should not feel more tired than the people who register at the Chateau Frontenac, Chateau Laurier or the Royal York hotel.

I had read the newspaper reports and was therefore posted. However, I could not believe that you could make such a vile abuse of a private conversation. You intended to abuse of my good faith, which is unworthy of a man in your position.

The ACTING CHAIRMAN (Mr. Hackett) (Translation): The hon. member has spoken for forty minutes.

Mr. POULIOT (Translation): Mr. Chairman, if the house will allow me five more minutes, I shall be able to complete my remarks, otherwise, I shall have to continue later.

Mr. MACKENZIE KING: What has the committee before it at the moment; are we dealing with the original amendment and nothing else?

The CHAIRMAN (Mr. Hackett): The original amendment.

Mr. MACKENZIE KING: We are not discussing the amendment to the amendment; that will not come up until we have disposed of the first amendment?

The CHAIRMAN (Mr. Hackett): If it is the wish of the committee, they might be consolidated.

Mr. MACKENZIE KING: Oh, no.

Mr. POULIOT (Translation): I wish to thank the right hon. leader of the opposition (Mr. Mackenzie King) for his questions, which arrived in the nick of time and thus permits me to continue my remarks immediately.

Mr. Billodeau wrote to me on March 14, 1933. I shall continue reading his letter:

I had read the newspaper reports and was therefore posted. However, I could not believe that you could make such a vile abuse of a private conversation. You intended to abuse my good faith which is unworthy of a man in your position.

This is what happened. On a Canadian Pacific train, I saw two cars filled with settlers—men, women and children. I inquired who was in charge of this convoy or trip; I was told that Mr. Bilodeau was in charge. I therefore went to him and asked him simply this question: It is a fact, I said, that there are no roads, at present, connecting with the lots where these people are to settle? His reply was—and I challenge him to deny it: "It is unfortunately too true that there are no roads built, at present, reaching these lots, however, we hope that they will be built next spring." That is word for word the reply of the Rev. Mr. Bilodeau. I never sought to make a vile abuse of it; does it seem unworthy of a man, in whatever position he may be, to protest against such a sad plight. He continues:

However, had you stated the truth; intentionally or not, your statement in the House of Commons, on March 2, is absolutely false.

But, sir, I have given proof to bear out my statement. It is proved by public documents, by the views, publicly expressed, of His Lordship the Bishop of Gaspé, Mgr. Lapointe, of Chicoutimi, and so many eminent and distinguished men; but, not only that, my statement is corroborated by the Rev. Mr. Bilodeau, himself. Further on he continues:

You completely distorted the meaning of the few words which I may have said when I was listening to the speech you were making to me; and you are fully aware that you evaded my explanation by leaving in a hurry after concluding your speech.

After ascertaining, sir, that the Rev. Mr. Bilodeau was bringing over there, into the forest, people from Three Rivers, that he was leading them into the bush where no means of communication existed, the information was sufficient, and from the moment he admitted the fact, I was no further interested in his conversation, there was no need to enter into a controversy with him. He adds:

It is unnecessary to inform you that I shall not resign on your order. And I trust that when you mention my name in the House of Commons, as the evil "Guide" of this group of settlers, you will produce this letter although it is of a confidential nature. I expect you will misinterpret it as you did in connection with the private conversation I had with you.

I do not, sir, take advantage of anybody; I would consider it unworthy to do so, in whatsoever manner, but here we have facts. He wishes me to read his letter: I read it textually. Not only have I read his letter but his article published in the "Soleil."

As the letter of the Rev. Mr. Bilodeau was a picture of the truth, my reply was brief. I sent him a picture of myself. As the one I have in my hand was too large, I had quite a small reproduction made and addressed it to him. I sent him something small so that it would be on a level with him.

Mr. BENNETT: That is Liberalism at its best.

Mr. POULIOT: Thank you.

Mr. LAPOINTE: What is the point of the remark?

Mr. POULIOT: He says it is because it is a good picture.

(Translation): On March 15, Mr. Bilodeau published the following letter:

Two weekly newspapers of Montreal absolutely want the settlers of Abitibi to endure hardships, in support of their contentions; they can always find lazy and discontented settlers to supply them the needed information.

At all events, I contend that they give a wrong impression to the people and by that fact, are doing harm.

[Mr. Pouliot.]

I am in a position to state that all the settlers of Abitibi who wished to work this winter suffered no hardships. What is true for this year, is true for previous years.

The story as regards wolves existing in Abitibi is a pure invention. There are as many wolves on the streets of Montreal.

I am aware that such a denial will not prevent the newspapers referred to from carrying on this campaign; however, it will prove that their object is entirely detrimental to public welfare.

From this date, I shall entirely ignore them. One must only discuss with people that are in earnest.

I remain,

Yours respectfully,

(Signed) Geo. Marie Bilodeau, priest,
Missionary agent of colonization,
Parliament Buildings, Quebec.

"Parliament buildings" employee!

Mr. Chairman, when I note that an important commission has been appointed by Mr. Laferté, comprising the Reverend Messrs. Jean Bergeron and G. Bilodeau, and Mr. Mercier, to study the system at present in practice for the distribution of grants to settlers, I wonder how it is possible: I wonder how the Rev. Mr. Bilodeau can possibly judge of the work he has been performing since he fills this official post.

Money is granted to settlers. Colonization will not succeed by means of the mighty dollar, but will prove a success the moment an efficient system is adopted.

The president of l'Union Catholique des Cultivateurs, Mr. Albert Rioux wrote in the Devoir on February 28, 1933, as follows:

To colonize, is to sow. This sowing of people must be, at least, sifted just as much as the seeds are when sown.

No money should be expended to place a settler on the land without first being well acquainted with his past life, his ways, his willingness to work, his spirit of thrift and his readiness to make sacrifices.

The settler's wife must also show her willingness to share his life; she must be like a solid pillar (une bonne "colonne") on which the settler (le "colon") may rest. Often the wife is the first cause of his deserting the land.

Very few of the industrial unemployed display any further disposition for their previous farming occupation.

We must not depend too much on city folks for the back to the land movement to ruralize our province.

And we find in l'Action Catholique of March 11, 1933, under the signature of Pierre Dupont, the following:

In the back to the land movement, we must include the whole problem which pertains to the land, namely:

1. The maintenance of farmers on the land.
2. The settling of farmers' sons on the land.
3. Back to the land of farmers who were once farmers.

4. The settling on the land of those who have been chosen among city unemployed, not including those who were farmers once.

To be methodical, we must proceed in the way we have just pointed out. To act differently would be irrational, would be to put the cart before the horse, or to fill a bottomless cask.

Before concluding my speech, I may say this to the committee. This gentleman said something about sincerity. He wrote me a letter which was a caricature, so that I could answer him only by sending him another caricature. If anyone has been sincere in the matter of colonization it is the member for Témiscouata. I do not know whether hon. members know this, but I was once arrested for libel because I dared to defend my poor fellow citizens of the county of Temiscouata against a man who was compelled by the Prime Minister of Quebec to resign, although he was a Liberal. I have proved my sincerity, because I was not afraid to attack a man of influence when I knew he was doing wrong, and the Prime Minister of that province gave me credit for what I had done by compelling that man to resign. After that I made other charges against him for which he had me arrested for libel. My case was transferred to Rimouski on a change of venue and I had to go there as a criminal and stand before a jury whom I had never seen before. The case was postponed and finally came on before a jury absolutely unknown to me; I had never seen any of them before. I was there in court in Rimouski and the jury, after listening to the evidence, acquitted me of the charge. Subsequently this man who had brought the charge of libel against me stood as a candidate against me in the county of Témiscouata in a by-election and the ex-Minister of Justice came there and expressed satisfaction in the fact that he had nothing to say against me. I was not the official nominee but I defeated this man by 3,500 and had a majority of 1,500 in my home town.

An hon. MEMBER: The ex-Minister of Justice was against you.

Mr. POULIOT: He said nothing against me; he was too gentlemanly for that. I was not the official nominee but I carried the election because I had fought the fight of the people, and I will do the same thing again if anyone does wrong, as was done in this instance. When we hear men who are highly paid by the provincial government saying that there is no suffering among the settlers in the townships we know it is false. These people are too far away to have their complaints heard. I submit that there should be a fair system of colonization. I have the greatest regard for the clergy of Quebec, and I would not say anything offensive to those who are not employed by the government. But when a man is employed by the government he must be treated exactly the same as other government employees, and when I see any wrongdoing I regard it as my bounden duty to protest as strongly as I can against it at any risk, without fear or favour. In this case I say that this man should be dismissed at once, and those who are equally incompetent should be laid aside and replaced by men with experience in colonization work, such as the Oblate Fathers, The Trappist Friars and the Clercs de Saint-Viateur.

Mr. BOULANGER (Translation): Mr. Chairman, I do not wish to displease my friend the hon. member for Témiscouata (Mr. Pouliot), with whom I generally agree, however, I cannot allow some of his remarks to pass without protesting. I think I am better acquainted with the Rev. Mr. Bilodeau than he is. We were told a few moments ago that his acquaintance with the Rev. Mr. Bilodeau dated back to when he accidentally met him on board a train. Both Mr. Bilodeau and myself were born a few miles distant from one another, we lived in the same county. I also had the privilege of meeting him often, and I am aware of the work he has accomplished. I therefore deem it my duty, with all due deference and assurance to my hon. friend from Témiscouata, that I do so not to displease him; however, I deem it my duty, I said, to protest against the attacks and innuendoes of the hon. member for Témiscouata against a civil servant who fulfils his duties very well, to the satisfaction of both his civil and ecclesiastical superiors. Mr. Bilodeau has had a long experience in connection with colonization; he knows his work thoroughly. He is very competent and performs his work, I repeat it, to the satisfaction of his superiors both civil and ecclesiastic. Mr. Bilodeau is very intelligent, honest and conscientious, and I have never heard a word said against him in connection with his work.

Mr. DORION (Translation): You heard some criticism this afternoon.

Mr. BOULANGER (Translation): I think that the only crime that my hon. friend from Témiscouata can reproach the Rev. Mr. Bilodeau, is that the latter did not take him seriously—I beg pardon of the hon. member for Témiscouata for using this expression—but, as I stated, the Rev. Mr. Bilodeau, perhaps, did not look upon the charges made by the hon. member for Témiscouata, seriously. Who can blame Mr. Bilodeau? I fear that

my hon. friend from Témiscouata was a little too hasty. It is true that he asserted, in a general way, that a number of settlers had been reduced to feed on grass and roots, that in other sections of the province the settlers had been huddled together, men, women and children, in a house. That may be so. My hon. friend might have been more precise. I am quite willing to believe him, but he should have given the names of these settlers and further details. It seems hardly possible—and probably the Rev. Mr. Bilodeau thinks as I do—that in a civilized country like Canada, people are left to feed on grass and roots. I cannot believe it, and the Rev. Mr. Bilodeau is probably of the same opinion as I am, that in a civilized country like Canada men, women and children are huddled together in a house, out in the bush. Again I state it may be so, but I should have liked the hon. member for Témiscouata to give up proofs instead of simply making a general statement. It seems that this is the only crime with which he reproaches the Rev. Mr. Bilodeau. I have no intention to keep up this debate. The Rev. Mr. Bilodeau has no need of any one to take up his cause. He probably does not expect it. He has the feeling and satisfaction of having fulfilled his duty, and I think that this is sufficient; however, I am unwilling as representative of the constituency of Bellechasse, to allow, without an answer, an attack launched in this House against a citizen hailing from that county. Once more I state that the Rev. Mr. Bilodeau has the experience and competence requisite and that he does his work to the best of his abilities and conscience, as the hon. member for Témiscouata himself does.

Mr. POULIOT (Translation): Mr. Chairman, I do not wish to reply to my excellent friend the hon. member for Bellechasse (Mr. Boulanger), for two reasons. First, all that I intended to say, for the present, I stated, and the House is free to weigh the pro and con. Then, I prefer not replying to my excellent friend from Bellechasse because, when I came forward as a candidate in the by-election of 1924, he helped me to carry the county.

Mr. HANBURY: When speaking on this resolution on March 3, the Prime Minister made certain references to me, and I should like to take this opportunity of attempting to justify myself and to clear up the question. The basis of my present observations is a statement by the Prime Minister as reported on page 2671 of Hansard wherein he says in reference to me:

[Mr. Boulanger.]

Mr. Bennett: If he is not ashamed of himself, he should be.

On that occasion, the basis of the remarks of the right hon. gentleman—and I wish he would correct me if I make any misstatement—was copies of correspondence which I was supposed to have exchanged with the late Sir Henry Thornton, then president of the Canadian National Railways.

Mr. BENNETT: And Mr. King, a former Minister of Public Works.

Mr. HANBURY: The Prime Minister did not refer to that in his remarks.

Mr. BENNETT: That is part of the correspondence.

Mr. HANBURY: For the purpose of clearing up this question, may I say that as the correspondence has been stolen from my files, naturally I have no access to it. The Prime Minister has not as yet tabled the correspondence and consequently I must depend upon my memory. With reference to the establishment of an executive officer in Vancouver for the Canadian National Railways as referred to on page 2860 of Hansard, I would call the attention of hon. members to the fact that at the time this correspondence took place I was not a member of parliament. Further, at that time the Canadian National Railways had a director in British Columbia, but that director was situated in Prince Rupert which is many hundreds of miles from Vancouver. The Canadian National Railways had no executive officer in Vancouver; the Canadian Pacific Railway had an executive officer and a director there. In the interests of the Canadian National Railways and of the citizens of Vancouver, I made representations to the late Sir Henry Thornton that an executive officer should be established in that city. After some correspondence and after personal interviews with Sir Henry Thornton, such a representative was appointed in the person of Colonel A. T. Hiam. Colonel Hiam's appointment was, as I say, in 1927 or 1928—I am not sure of the date.

Mr. McGIBBON: At $25,000 a year and no job.

Mr. HANBURY: I have no information as to his salary. His appointment was made in 1927 or 1928 before I was a member of this house. If that is the action to which the Prime Minister referred when he suggested that I should be ashamed of myself, I would be prepared to let it stand on that basis because like any citizen of Vancouver or of any other city, for that matter, I was endeavouring to do something for the benefit of my community and I would do so again. The Prime Minister

referred to correspondence in this connection having come before the committee. I think it was not the whole correspondence but one letter which the Minister of Railways filed with the committee on national railways and shipping, but the balance of the correspondence to which he has referred, has not to my knowledge ever been filed.

Another matter to which I wish to direct attention appears on page 2672 of Hansard. Again referring to myself, the Prime Minister made this statement:

> A problem the hon. member did as much to assist in making as anyone I know, through the expenditure of public money in respect to the national railways.
>
> An hon. Member: The Vancouver hotel?
>
> Mr. Bennett: Yes, and protests were made because a contract was signed for $4,000,000 and it is now $11,000,000.

I wish to explain to the Prime Minister and to the members of the committee that I never at any time had any connection with any contract for the construction of a hotel at Vancouver. Before the fact was made public through the press, I did not have any knowledge that any increase in the contract was contemplated. The only connection I ever had with any discussion of the contract for the construction of the Canadian National hotel was after the defeat of what is known as the "shadow government," when the gentleman who had a contract for the construction of the hotel at that time came to me in connection with it. To the best of my knowledge the information that I gave to him was that unless he could establish before the courts a legal claim, he might as well forget that he had a contract. That is the only information I had at the time. As I say, I was not a member of parliament and I had nothing to do either directly or indirectly with any increase in the cost of construction of the hotel.

If there is anything incorrect, Mr. Chairman, in the remarks I have made it may be explained by the fact that the correspondence has been stolen from my file and I have no access to it. If what I have been stating is not in accordance with the facts, I should be very pleased to have the Prime Minister state the facts as he must know them because he has access to the correspondence. I would prefer that the correspondence be tabled, but if it is not, and the Prime Minister has no further explanation to make, I would suggest that it must then be for the members themselves to make up their own minds whether or not there is anything in the action I have described which would justify the Prime Minister in stating that if I am not ashamed of myself I should be.

Mr. BRADETTE: I just wish to say a few words regarding the back to the land movement. I do not entirely agree with what the hon. member for Témiscouata said a few minutes ago because in my own section of the country there is quite a number of people who have come from the cities and are now working on the land, and the failures among them I find are the exception, and not the majority. I am absolutely in favour of encouraging the back to the land movement, but undoubtedly when you have a large number of people coming into the newer sections and taking up what is to them a new occupation there are bound to be some anomalies and injustices.

I made a point of presenting to the house a few weeks ago some of the matters which I thought should be remedied by either the federal or the provincial government. I state frankly that I find myself under a very serious handicap in answering a question asked of me by the Minister of Labour. He asked me if I realized that the matter about which I was asking was under provincial jurisdiction. But my contention is that as long as the federal government is voting large sums of money for schemes which are to some extent under the jurisdiction of the province, this parliament should have something to say in regard to the policies that are governing such a movement. This applies particularly in the case of the back to the land movement because after all it was inaugurated by the federal government. Back to the land was a slogan that was well received by every section of this country. I believe it was given to the country in the fall session of 1930, and it was well received by the people of Canada because they realized that that policy would help to alleviate the unemployment question so far as the city populations were concerned. I am pleased to be able to say that a real amount of good has been accomplished by that movement. I protested in the fall of 1930 and again in the session of 1931 against the government claiming that it was accomplishing a lot of good in placing on the land a number of people without the expenditure of any public funds. I maintained at that time, and I maintain now, that some money has to be spent to make the scheme a success. We all know the situation in regard to unemployment in the cities, and the same situation applies to a large extent in the rural sections, particularly in the newer settlements in northern Ontario, where there is a large amount of unemployment. We all know what is the primary crop in the timbered area of colonization. It is pulpwood, and for pulp-

wood we have had no market for the last three years. This winter some of our settlers are getting limited contracts for cutting pulpwood at $2.75 a cord. I know something about farming and lumbering, and I realize that it is absolutely impossible for any man who has been living in Hamilton or Toronto or Ottawa to go back into the rural sections of Ontario and try to make a living cutting pulpwood at $2.75 a cord. That situation has been remedied to a large extent because, as the minister stated the other day there is paid under the back to the land scheme out of the federal, provincial and municipal treasuries the sum of $600 to those going back on the land, and if I understood him aright, that amount is contributed equally by the federal and provincial governments. In my section of the country many of the municipalities are not in a position to vote any money for that purpose, and so it comes back to what I said originally, that the federal government must have and should have at the present moment some voice in the policies controlling the back to the land movement.

Mr. GORDON: May I interject that the contribution is borne equally by the federal government, the provincial government and the municipality concerned.

Mr. BRADETTE: Would that apply to my section of the country and the section from which the Minister of Labour comes, in the unorganized districts where there are no municipalities?

Mr. GORDON: So far as I know there has been no effort made in the unorganized parts of northern Ontario to settle people on the land within those areas. Most of the settlers are there now. The people coming from the urban centres are settling mainly in the older parts of the province, and that applies in the province of Quebec and the other provinces.

Mr. BRADETTE: If my information is correct, in the district of Ferguson, with which the minister is very well acquainted, in the northwestern section of my riding there is quite a number of settlers living in the township of Casgrain, for instance, under the back to the land scheme. There is a certain number of settlers in the township of Stock near the Porcupine district. There is no municipal organization there, and so I gather that any assistance which the federal government gives must be on a fifty-fifty basis with the province, or else that the federal government pays 33⅓ per cent and the province the balance, because, as I say, it is an unorganized district without any municipal councils.

[Mr. Bradette.]

I have a letter in my hand regarding a man who came from Hamilton and is at present residing in Frederickhouse, which is not an organized district; it has no municipal council, and there is no possibility of the settlers there receiving any help from the municipality. I know that is only a matter of detail because I realize that the settlers who go on the land under the back to the land scheme receive the sum of $600, and if I understood the minister aright, $500 of that is paid the first year, $100 being reserved for the second year in case of emergency.

Only a few weeks ago I stated in this house that the government should have a better follow-up of these settlers. There should be a way of keeping in close contact with them because a back to the land policy may mean a lot to the people of this country not only at the present time but in the years to come. So I believe that there should be a better follow-up system. While this parliament may say that that is not within the federal jurisdiction, I maintain that the responsibility originally rests with this administration. Only a few days ago I received a letter from a very respected citizen in my section of the country to the effect that these new settlers are limited to receiving the sum of $10 a month, that no matter how large a family a man might have, and how many dependents, he receives no more than that sum under the back to the land scheme. More than that, the relief commission deducts any amount of which the family is in receipt. I have a letter in my hand from a man who comes from the city of Hamilton, a very good citizen, whom I had the pleasure of meeting on his holding last fall. He has the stuff in him to make a good farmer. After being out of work in Hamilton for two years, he came to our section of the country and settled in Frederickhouse. He was primarily a farmer; that had been his occupation. He was told when he went there that he would receive the sum of $10 a month. The house will understand it is absolutely impossible to provide food, clothing or even shelter for a family of ten on the small sum of $10 a month. I should add that after a protest had been made the first amount had been increased to $15 a month. That however was not sufficient, and not even maintained. Two months ago he was cut down to $10, the relief commissioner giving him the right to work two days a month at $2 a day, bringing his total receipts up to $14 a month.

The committee will fully realize that it is absolutely impossible for a family of ten to keep body and soul together on that small

amount of money. I am not a sob sister, by a long shot, and it is not pleasant for me to bring these matters before the house. However, I know the spirit in which they are given and will be received by the Minister of Labour and the committee. I know a tremendous amount of good is being accomplished through the back to the land movement. Some hon. members may object to the fact that I have availed myself of the opportunity to bring to their attention individual cases. I am convinced however that this is the place to speak concerning these matters, because it should remain within our jurisdiction to remedy the difficulties. The man to whom I have referred wants to play the game with the authorities, and also wants to play the game with his family and the country. However on the sum of $14 a month he is finding it impossible to continue. That is absolutely all he can get to-day. He has been told by the relief commissioner to go ahead and do some work for his neighbour, so that there may be an interchange of labour for food, vegetables and so on. But that man came under the back to the land movement only last fall. He has no garden, and his neighbour cannot give him work, because most of the settlers in northern Ontario are on direct relief. I am not trying to paint a picture worse than it is; I am stating facts, and I feel it my bounden duty to bring them to the attention of the house. I feel at least I should present them, because I am convinced the minister will do everything within his power to remedy the difficulties.

Probably there could be no objection if I were to read part of a letter written by the man in question. If the minister would like to know, I should be quite happy to give the name of the writer. He is a good citizen, originally from Hamilton, and now trying in our section of the country to make a living. However he finds the going very hard, because the amount of money he receives each month is altogether too small. In part his letter is as follows:

> Now, it does not take a mathematician to figure it out that a family of ten cannot live on $14 per month which is $1.40 per person each month. I wonder how some of those who are governing the relief question would like to live on $1.40 for a month, and I have no garden to help out either.
>
> I cannot get enough milk or butter for the children. If I order enough of that I am away short of other commodities. My children were the picture of health when they left the city. Shortly after arrival here I had a pair of twins taken sick with double penumonia and they nearly died. The whole family have lost considerable weight. My wife has been in ill health on account of worry. I can't give them enough to eat and I can't send them to school as they have not sufficient clothing. What kind of a future generation does our government expect to have when they are undernourished during their childhood.

I read the letter so that the committee may realize the gravity of the circumstances. I would not go the limit to which the hon. member for Témiscouata went, so far as the back to the land movement is concerned, because, after studying the situation thoroughly I am positive, that in new centres the government is trying to play the game. However there are some cases in which we find evidence of misery. Really good Canadians are trying to gain a living against great odds. I believe it is not the intention of the government to allow those people to starve, but that it intends to give them the necessities of life. They want comforts, not luxuries, and ask merely for a chance to get along under their new occupations and surroundings.

I hope the committee will forgive me for speaking at such length, but I know hon. members will realize that these individual cases are of great and personal importance. Such cases may be the source of protests of which there would be no end. If the difficulty is met as soon as possible it may be possible to save criticism, and to save prejudice against the government. The back to the land movement means much to Canada as a whole. We have noticed that for the last fifteen years people from rural centres have been going to the larger centres of population. But, under present circumstances, owing to the fact that men cannot find useful employment in the cities, they are attempting to find ways and means of earning a livelihood away from the cities where they have lived for the last few years. Knowing the Minister of Labour, I feel that these matters will be attended to.

I know the movement has been well conducted in my section of the country, and that they have been given road and school accommodation. However that is not sufficient. There should be an inspector to see how those settlers are getting along, and to find individual cases of misery. There should be grading of the amounts of money paid by the government. Surely a family of ten on a holding, with no opportunity to grow a crop will require more help from the government than a single man or a family of only three or four. That is why I say that a follow-up process should be adopted whereby individual cases may have special consideration.

I have in mind a settlement of families from East York, in the southern section of the province of Ontario who moved to the third concession of the township of Stock. Those

people have complained that after doing lumbering and logging work they had to wait two and a half months for their pay. Anyone knows that those people who have left the city to get other employment have little or no money, and it is impossible for them to wait two and a half months for it. These are some of the anomalies to which I wish to direct the attention of the minister.

Again, I believe I am quite in order when I say I believe the back to the land scheme will go to the root of the matter, and at least to some extent will help to relieve the unemployment situation.

Mr. NEILL: I presume the matter of unemployment insurance is sufficiently near that which we are now discussing to allow me to make a few remarks concerning it. Certainly unemployment insurance has a bearing on the matter, although perhaps in an indirect way, because if carried out it would relieve the demand of unemployment relief in this or in future years.

On April 29, 1931, the Prime Minister made two definite statements, one to the effect that before he left office he would bring down legislation along these lines. Then on behalf of the administration he made another definite statement, that at the earliest possible moment consistent with obtaining the necessary information they would prepare and submit to the house a measure embodying the views which he then expressed. Then, on November 22, 1932, he said he rose to reiterate and restate the statements I have just mentioned. He went a little farther than that, and wound up by saying:

> I cannot promise that the legislation I mentioned in my speech of April 29, 1931, will be forthcoming, but I can promise it will be no fault of ours if we do not meet with the provinces between now and January 30, next, and at least arrive at some conclusion with respect to those controversial matters which must be settled before any appropriate action can be taken by this parliament.

The conference of course was held, and as far as I know no formal report was made of its proceedings. Rumours leaked out into the press, but we know they are not always accurate. On the 17th of February, on the orders of the day, I asked the right hon. Prime Minister if he was prepared to make a statement, in view of what I have already stated, in connection with the conference, and he replied that it was idle for me to ask without notice for a statement on a matter of that kind. I assumed, apparently wrongly, that he would make some such statement later on. Finding none was forthcoming I did the only thing I could, I put it in the form of a definite question, which, of course, was limited in its scope, and asked:

> Will the government be in a position at this session to bring down legislation dealing with unemployment insurance as referred to by the right hon., the premier, in debate in this house on November 22nd last?

To which the right hon. Prime Minister made the cryptic reply, "No." That of course, was very definite, but I submit that we ought to have a statement from him as to what prospect he can hold out, and this I think would be a proper time to have it. If there was disagreement at the conference I think we are entitled to know, if some disagreed and others were favourable we and the country would like to know, it would be in line with the promises he made in November last if he would give us some general but definite statement, and I trust that before this debate ends he will do so.

As regards the general relief question I have very little to say. I had not intended to deal with it at all, except for one or two particular points that I want to bring up. After years of experience I regard it as absolutely hopeless to discuss this matter in the house with any expectation of definite results, the minister either cannot or will not appreciate the situation as it is revealed to him by the members from British Columbia; he replies either with courteous evasions or more or less pious truisms which while very nice are far from meeting the situation. When we find a minister of the crown who will stand up in this house as my hon. friend did on February 24, and say that it is a matter for congratulation to this country that the expenditure for relief has gone down from some $46,000,000 to $25,000,000, although in the same breath he admitted that the number of people on unemployment relief had increased, it is hopeless to argue. His remark was heralded throughout Canada with large headlines in many newspapers to the effect that the Minister of Labour saw the upturn of unemployment conditions, the statement being based on the fact that he had been able to reduce the outlay on relief, although the numbers receiving it had greatly increased, as we all know, and as he himself admitted. But he took pride in congratulating the people of Canada on that reduction as indicative of improved conditions, although of course it merely indicated that the people received less per capita. With such a point of view it is hopeless, it is a waste of time, to discuss the matter further.

I want to contradict one statement. I would not do it if he had not reiterated it last Friday. I do not need to quote his whole

statement, he was replying to an interrogation by the hon. member for Vancouver Centre (Mr. Mackenzie), and he laid down the conditions on which this government deals with the provinces. I will only quote this sentence:

> No limit has ever been set by this government to the amount of relief which shall be granted to any applicant, this being constitutionally a matter wholly within the determination and judgment of the local authorities.

Then he goes on to amplify it. On the same occasion I asked him if he was not aware that when the municipalities apply to the provincial authority in British Columbia the invariable answer is: We cannot help you to any greater extent because the dominion will not contribute their share of any larger rate. If he really believes that the words of his which I have quoted represent the policy that he and the government have been following, then he is in some kind of mirage or dreamland, from which there will be a rude awakening some day. He must be like the kaiser who within forty-eight hours of his abdication was firmly convinced that his forces were sweeping on to ultimate victory. He is either deceiving himself or being deceived.

I can speak only of my own province, but let me tell him this, that British Columbia to-day is aflame against this government; that applies not only to the government, British Columbia politically sympathetic to this government as it is, and has every reason to be, but to the council of municipalities, representing a very large body, and also the ordinary common people. On the 11th of March the council of municipalities waited on the provincial government, they were alarmed at what they had heard were going to be reductions made in relief, and they wanted to know where they were going to get off; and the province told them they were unable to announce what changes had been ordered—note that word—"ordered"—from Ottawa. That was the provincial government's language. They said it had been given to them confidentially, and they were not in a position to tell what changes had been ordered from Ottawa; they were bound to secrecy. But it was unofficially learned that a recent federal ruling as to the administration of relief would materially affect the situation and probably take 2,500 men from dominion assistance and put them on the province, which would, of course, be a disastrous thing for the province. Then we find Vancouver city sending a resolution of protest to the Dominion government at the suggestion of the provincial finance minister, not going over his head, not complaining of him, but doing it at his suggestion. Then we find the council of municipalities contemplating making arrangements to send a delegation down here, aided by the provincial government, to try to straighten this thing out and see if they can get what they claim they are entitled to, and which they say is withheld due to the action of the Dominion government in refusing to grant them more than certain sums. That looks like a flat contradiction of the statement of the minister which implied very plainly, that the province could within reasonable bounds give any relief they liked and the jurisdiction and duty and practice of the dominion was to pay one-third. I say these statements that I have read, which are repeated in almost every paper in British Columbia, are indicative of a situation very different. If it is not so, why are they proposing to send a delegation, a joint delegation of the municipalities and the provincial government, down here?

Before I sit down I want to deal for a moment with the situation outlined by the hon. member for North Timiskaming (Mr. Bradette) who preceded me. He was dealing with the question of farm relief in unorganized territory. As the minister knows, the arrangement was that $600 should be granted to a settler, that amount being deemed to be the minimum necessary; if a less sum would have sufficed we assume it would have been agreed on. Therefore we assume that to give a man an ordinary chance to make good on these lands $600 has to be forthcoming. It was arranged that the provision of this amount should be divided between the dominion, the province and the municipality, $200 each. As time went on, the hon. member who preceded me indicated that it was necessary, or advisable at any rate, to put some people on the land who were not living in cities and therefore did not have any city to back them up to the extent of $200. I find on inquiry that the arrangement is that the dominion will not grant more than the original $200, and the rest will have to be provided by some person or persons unknown. The province cannot provide more than $200 for the reason that they are very hard up. I have a letter in my hand from a settler, quoting a letter received from the British Columbia government relief land settlement committee. They say that while they have made a bargain with the dominion as regards the unorganized district settlers, they say that they regret very much that they have no funds to carry it on. Where they have no funds to carry it on we may be quite sure that any money that they do have or can get will be devoted to helping those out of the city where they will have to pay only $200 instead of those from the unorganized districts, where they would have to pay $400.

I have two questions I would like to put to the minister if I could get his attention. Apparently that is a courtesy not always displayed to this side of the house. Under direct relief the dominion pays one-third, the province one-third and the municipality one-third; in the case of relief granted in unorganized districts, the dominion pays one-half and the province one-half. There is no contribution from a municipality because there is no municipality. Would it not be fair and reasonable for the dominion to adopt the same system in connection with the land settlement scheme? That is, where a man was getting relief in an unorganized district, the dominion would pay one-half and the province one-half. This seems to me to be a reasonable argument to advance, and there is already a precedent.

Secondly, it is well known that where a city finds itself unable to handle the relief situation, it gets assistance in the way of a loan from the province and where a province falls down, it in turn gets a loan from the dominion. In the case of British Columbia, the Dominion government has not only paid its share but sometimes it has loaned to British Columbia the amount of the provincial government's share. I should like to know if the minister would be willing to extend this same system to the land relief scheme. If a province has no money, then the scheme is useless and I should like to know if the minister would be willing to lend to British Columbia the provincial government's share of the $600 in order that they may function? If the minister can advise me on these two points, I would be much obliged.

Mr. GORDON: I will have some observations to make later on in the debate.

Mr. MacINNIS: Mr. Chairman, the committee does not need to be told that the unemployment situation in this dominion is getting exceedingly critical. On Friday last the hon. member for Vancouver Centre (Mr. Mackenzie) asked a question of the minister on behalf of all the members from Vancouver. The situation in that city is exceedingly grave. I understand that on the fifteenth of this month a delegation of apartment house and rooming house landlords interviewed the city council and pointed out that unless certain rents were paid, nine hundred tenants with their families would be evicted. As has been pointed out by the hon. member for Comox-Alberni (Mr. Neill), the city finds itself in this difficulty: when they take the matter up with the provincial government they are informed that that government is paying all they are allowed to pay by the Dominion government and when they take the matter up with the Dominion government, they are told to take the matter up with the provincial government. The hon. member for Vancouver Centre was prevented from reading a telegram which he had received from the mayor of the city of Vancouver on Friday last, but if it is in order I would like to read a similar telegram which I received. It reads:

> Critical condition exists in Vancouver due to inadequacy of relief scale as allowed by provincial government to meet shelter. Wholesale evictions involving hundreds of families under way resulting in increasing threatening condition. Repeated representations to provincial government unavailing as it states Ottawa refuses to increase British Columbia quota. Direct communications to Ottawa from the city always answered that issue should be taken up through provincial government. Vancouver already bearing staggering relief costs. City council recognizing that their continued efforts to stave off crisis will in the immediate future be unavailing calls upon you as Vancouver's representative to immediately bring this need for action to the attention of the proper authorities and asks that irregardless of party lines you cooperate in any move initiated to relieve the present emergent situation by supplementary government aid and in formulating a future scale of assistance that will prevent its recurrence. Full particulars already in possession of Premier Bennett and Hon. H. H. Stevens.

The minister will realize that this telegram outlines a very grave situation but it refers only to a small proportion of the 7,000 families who are on direct relief. The situation of those living in rooming or apartment houses is somewhat different from that of those living in houses. In the one case they can be evicted simply by the landlord locking the door, in the other, a court order is necessary. I understand that the allowance for rent, fuel and clothing is $5 per month for a family of two with an extra dollar per month for each child up to three. The landlords are demanding that $10 per month be paid for a family of two with a dollar for each child, and up to the present time the city has been paying the extra $5. I would like to ask the minister if the Dominion government would be willing to pay one-third of the difference between what the governments are now paying and the city is having to pay, that is, one-third of the additional $5? If that were done it would relieve this phase of the situation. But it will not relieve the whole unemployment situation; something permanent and adequate will have to be done very quickly, otherwise there will be trouble in the city of Vancouver.

Mr. WOODSWORTH: Mr. Chairman, I have no desire to cover ground which has been gone over again and again in connection with this unemployment situation. However, I desire to say that I regret that this amendment has been introduced. It may theoretically be a good thing for a government to bring its plans before the house and that there should be a limit to the authority placed in its hands, but we must remember that we are facing a very serious situation. I regret that the government has seen fit to vote only a sum of $20,000,000 for this purpose. We have been told that although unemployment has materially increased during the past year, the grants for unemployment have decreased. I do not think that that can be considered as a satisfactory state of affairs. It may be possible that there have been savings in administration; so far so good, but I am afraid that in many cases the saving has been accomplished by cutting down the amounts given to unemployed families.

An hon. MEMBER: By whom?

Mr. WOODSWORTH: I am not very much concerned as to who did it, I am concerned primarily in the results. The trouble is that under existing arrangements, this problem is footballed back and forth between the municipalities, the provinces and the dominion. It is very easy to get tangled up on the question where precisely responsibility lies.

Mr. ARTHURS: There is no question of primary jurisdiction.

Mr. WOODSWORTH: The hon. member says that there is no question of primary jurisdiction. The primary jurisdiction is with the dominion government; there is no doubt about that, and that was frankly acknowledged by the Prime Minister himself before the election.

An hon. MEMBER: No.

Mr. WOODSWORTH: Oh yes. He said that under a national emergency this responsibility belonged to the dominion, and he is now receding from that position and adopting the position taken formerly by the official leader of the opposition.

Mr. BENNETT: An emergency can exist only if it is national, under our institutions; and at least two of the provinces say that they will not permit us to take over the administration of what is their business.

Mr. WOODSWORTH: If a matter becomes a national emergency I submit that two provinces cannot take responsibility away from the dominion for acting under that emergency. If there were an earthquake in Vancouver that would be a national emergency and the dominion government would come to the relief. Now, there is a national emergency in my province, to my knowledge, and so there is in British Columbia. There is not the slightest doubt about that. We who come here are sometimes accused of being alarmists, but if this situation continues we shall before very long have most serious conditions in the west. The last issue of the Winnipeg Free Press just to hand points that out in very definite and unmistakable language. Under the circumstances therefore I cannot accept what the Prime Minister says, that because one or two provinces do not want to have any interference in their internal affairs, the emergency ceases to be national. It is a national emergency and the dominion must take the responsibility for it. So far as the west is concerned, we all know that a very large number of municipalities are either bankrupt or on the verge of bankruptcy, having had to be assisted again and again. They are cutting down services in every direction and the financial situation is anything but satisfactory in the four western provinces. They cannot begin to cope with the unemployment situation that exists. Under these circumstances it is not primarily a question as to where theoretically the responsibility lies. Sooner or later this government will have to assume the responsibility and it would be well advised to assume it before a financial collapse forces definite action.

I regret, in view of these facts, that the house should limit the government. If this is a national emergency—and I think it is much more so than it was two or three years ago—I do not think that the amount of relief which is to be handed out should be limited as we propose to do at the present time. The sum of $20,000,000 is stated. We were told a few weeke ago by the Minister of Labour that there were over 1,300,000 unemployed men with their wives and dependents receiving unemployment relief.

Mr. GORDON: Every time the hon. member comes around to this figure of 1,300,000 odd he has to be corrected. I corrected him on a former occasion when he made this statement and I now correct him again. The figure I gave of 1,300,000 odd refers to men, women and children on relief for varying periods.

Mr. WOODSWORTH: Quite so; I do not think my statement was incorrect.

Mr. ARTHURS: You said unemployed.

Mr. WOODSWORTH: I said 1,300,000 unemployed men with their wives and families were receiving unemployment relief.

Mr. MORAND: At some time during the year.

Mr. ARTHURS: You said 1,300,000 unemployed men with their wives.

Mr. WOODSWORTH: With their wives and children.

Mr. ARTHURS: The hon. member should have said "including."

Mr. WOODSWORTH: I will accept the word "including."

Mr. GORDON: Why make it worse than it is?

Mr. WOODSWORTH: I have no intention of making it worse than it is. It is bad enough as it is, but the fact is that there are 1,357,000 people—that is the right figure I am told—in receipt of unemployment relief. Is that correct? Now, $20,000,000 means only a very few dollars in the course of the whole year, for each of these people, and even supposing the provinces were able to contribute one-third, which they are not able to do, and the municipalities one-third, which they too cannot do, that would be only $60,000,000 to take care of one million and a third of people for the whole year. The whole thing is preposterous; people cannot live on that low scale.

Mr. ARTHURS: They do not require unemployment relief for the whole year.

Mr. WOODSWORTH: The hon. member says they do not require unemployment relief for the whole year. I submit that they are altogether likely to require relief for the great part of this coming year.

Mr. ARTHURS: Great part is different.

Mr. WOODSWORTH: For the greater part of this coming year they will require relief, because unemployment shows a steady increase, and there is nothing whatever on the horizon to suggest that there is going to be any letup. In fact, if you look at that aspect of the matter there is everything to suggest that conditions may be worse in the next twelve months than they have been during the past year.

Some hon. MEMBERS: Oh no.

Mr. WOODSWORTH: Well, no one has so far pointed out where they will improve.

Mr. McGIBBON: They are improving in Winnipeg; look at the car loadings this week.

[Mr. Arthurs.]

Mr. WOODSWORTH: The car loadings do not indicate that there is much improvement for the unemployed people in Winnipeg at the present time.

Mr. McGIBBON: It means something, the hon. member will admit.

Mr. WOODSWORTH: My point is that $20,000,000 is altogether inadequate to take care of the situation that faces us to-day, and I think the house would be well advised not to press upon the government a limitation of this kind.

An hon. MEMBER: We have never done so.

Mr. WOODSWORTH: I understand that there was pressure from the Liberal party that some limitation should be placed.

Mr. HANBURY: Just a stated amount.

Mr. WOODSWORTH: Well, that means that some limitation should be placed on what should be spent. Theoretically that is perhaps desirable, but certainly it is not desirable to limit it to a comparatively small amount like $20,000,000, which might be taken by the government as the maximum that could be spent. I do think we face a very serious national emergency, and even at this late period we should take some very definite steps to make a survey of the whole situation with a view of dealing with it in a more adequate way than we have done in the past two or three years.

Mr. MACKENZIE KING: May I point out to the hon. member for Winnipeg North Centre that the limitation which the government is placing upon the amount to be spent for direct relief is a limitation that applies only to direct relief. The government does not place upon itself any restriction with respect to what it may do under the provisions of this legislation in other ways so far as grappling with unemployment is concerned. The statement made by the minister, that the government was intending to restrict unemployment relief to $20,000,000, has created a wrong impression throughout the country. It has created the impression that the government believes the situation is getting better and that, therefore, it is justified in limiting the total amount for unemployment relief, whereas all that the government is doing is limiting the outlay to $20,000,000 with respect to direct relief, in other words, the dole. So far as other forms of relief are concerned such, for example, as providing or assisting in providing work, the ministry has under this legislation unlimited powers.

May I point this out to my hon. friend. We, on this side, are not limiting the government, as he suggests, nor could we limit the government. We are agreeing to give them what they ask. The government can ask whatever amount it thinks necessary to meet the situation in any particular and all that is expected of it is to give substantial reasons to parliament therefor. It is not the duty of those who are not members of the government to say how much money is needed; it is the duty of the government to inform the House of Commons in that regard. Our responsibility lies in voting or refusing to vote what the government asks us to vote, but it is the government's responsibility to name the amount which it thinks is required. If the government is of the opinion that $20,000,000 is not sufficient for the purposes of the dole for next year and desires to ask for $40,000,000 or $100,000,000, they are at full liberty to ask for those amounts, it is then for those of us on this side of the house to consider whether we shall agree to support giving that amount. As I have all along said, if the government will indicate whatever sum it regards as necessary, so long as parliamentary control is maintained over a definite amount, we on this side will be prepared in existing circumstances to vote whatever amount is named if a substantial reason is given therefor. That was made quite clear.

Mr. WOODSWORTH: Might I say with regard to the observations of the leader of the opposition that there is a definite amendment before us and that we must assume our responsibility in voting for or against it. If we vote in favour of it, we are taking the responsibility of limiting the amount. Under these conditions the only thing some of us can do is oppose the limitation involved in this amendment.

In regard to the other point, the government has brought forward no scheme for any works of any kind or any other means of relieving unemployment than by the dole. The hon. member for Southeast Grey suggests the sending of men to the farms. That would take care of only a few thousands at the best. Since there is no other scheme, we must for the moment take it for granted that this $20,000,000 will be the maximum or almost the maximum spent on relief.

Mr. MACKENZIE KING: I do not agree with my hon. friend in his statement that, because the government in this measure says that it wants the dole limited to $20,000,000, we are in any way restricting the government. The government may, as my hon. friend knows, come along with a supplementary estimate before the session is over and ask for a further amount. Therefore, by what we may do in this particular measure, we do not necessarily restrict the government. It has a free hand as long as parliament is in session. It has in addition under the provisions of this bill a blank cheque for relieving unemployment in other ways than by the dole.

It is important that, in everything the government asks for, it should give to the house the reasons for the amounts it requests. It must assume responsibility if it suggests too large or too small an amount; it cannot get rid of its responsibility any more than we can of ours in agreeing or not agreeing to support it. If I support the amendment, I am not supporting it with a view to restricting the amount of relief that should be given; I am supporting it because it is what the government requests for a definite purpose; it offers a certain control by parliament and is in accordance with the responsibility on the part of the ministry which should be exercised in this manner in connection with every appropriation of this House of Commons. That is fundamental.

May I say a further word in reference to what the Prime Minister said in interrupting or in speaking at the same time as my hon. friend. He states that, so far as the provinces were concerned, they would not allow us to interfere with their administration. Personally, I think what is said in this way is all beside the mark. Certainly the provinces are not going to allow us to interfere with the administration of their own business, but, if they want to secure the assistance of this parliament, they must be prepared to permit this parliament to do as it pleases with the money it votes. No province, if it is going to get federal money, can for a moment decline to accept the conditions which the federal parliament may wish to impose in connection with the grant.

May I say I agree wholly with the view, and it has been stated over and over again, that, with respect to present conditions we are in a state of emergency, a national emergency. The unemployment problem is a national emergency to-day. It has become the duty of the federal government to deal with that problem before all others. The federal government ought to face the problem of depression and emergency so far as it relates to unemployment in exactly the same way in which it would face war and war conditions. It should organize with the assistance of the provinces and the municipalities the whole distribution of relief on a nation-wide scale under national direction. That, as was ad-

vocated from this side, should have been done at the very outset. It was not done in the first year nor in the second, and now in the third and getting on to the fourth, it is more necessary than ever that this should be done. It is the only way in which the problem can be met. The Dominion government should say: We are taking this problem as a national one; we intend to deal with it as a national emergency; we shall organize the country from coast to coast under a commission which will have direction of the moneys voted by parliament, and we shall ask parliament for what we need in order to meet the situation. It will not now suffice any longer to fall back on what comes within the jurisdiction of a municipality or a province. On this side we have always taken the view that when the municipalities and the provinces found that they could not deal with the situation, it then became a national one. It is all very well for the provinces to say that they wish to keep control over their own particular affairs so far as they have the right so to do, but it is an entirely different thing, to say that the provinces would not welcome with all their hearts a great national scheme which would be one of cooperation with them and the municipalities in dealing with this great problem.

Mr. MacINNIS: Speaking in connection with the amendment to the resolution, I may say that our objection to it is that it limits the expenditure of money in only one particular. The resolution itself and the bill that will be founded on it are extremely wide. They do not limit the government in the expenditure of money in any other direction than in that of direct relief. In view of the fact that the policy of the government is increasingly one of taking care of unemployment through direct relief, we do not see why they should be restricted in the amount to be spent in that particular direction. It is discrimination against those who are on direct relief.

Mr. MACKENZIE (Vancouver): I find myself in substantial agreement with the remarks of the hon. member for Vancouver South. The policy of the government since the special session of 1930 has been one of direct relief, and that alone. Now we find in this bill a limitation of $20,000,000 on the amount to be spent on direct relief. If the government continues its present policy, that will be practically a total limitation of $20,000,000 on all government expenditures, except as regards demands made by provinces. So this house is considering an amendment that under the present policy of the government limits the expenditures to a total of $20,000,000.

I wish to identify myself with the remarks of the hon. member for Comox-Alberni and the hon. member for Vancouver South in regard to the emergent situation in British Columbia and greater Vancouver. There is no question that the Prime Minister in 1930 in all his election promises and speeches told the Canadian people that he would deal with the unemployment situation as a national problem on a national basis. Further, I find when we met here in the special session of 1930 and when we were considering the appropriation of $20,000,000 for the relief of unemployment, the Prime Minister speaking in the house used these words:

> We are asking this parliament by the measure now before it first of all to recognize the situation as one of a national character and secondly to agree to the appropriation of the sum of $20,000,000 to be applied (a) in useful works and undertakings authorized by this central government; (b) in assisting useful works and undertakings of municipalities and provinces; and (c) to assist such municipalities and provinces in granting relief where relief may be necessary or where employment may not be possible.

So that the idea which permeated every promise and pledge made by the right hon. gentleman in the election of 1930 was based on dealing with the unemployment situation on a national basis. I am making this suggestion this afternoon: If the problem in September, 1930, with 117,000 unemployed should, in the words of the Prime Minister speaking in the house, be recognized and considered as a national emergency, how much more should the problem to-day, with practically 800,000 people unemployed, with 1,357,562 receiving relief, with 252,000 heads of families receiving direct relief, be regarded as a national one. Surely this is the time when the problem must be considered on a national basis. I am just warning the administration, not in any critical way, that if conditions in Vancouver continue to progress as they are at the present time, they are going to be very grave. We have received representations from organized municipalities of British Columbia, from city councils of that province, and they are practically approaching a condition of despair in regard to the situation. They tried to approach the federal government through their members in this house, but according to the rules, we were adjudged out of order. They approached their provincial government.

The provincial government informs me that the blame lies with this administration. They approach my hon. friend the Minister of Labour and he informs them that they must

first of all come through the government of British Columbia before they can obtain redress. There can be only one consequence and one result of a policy such as that of refusing to accept final, ultimate and direct responsibility. It will be a policy of chaos and, I am afraid, of riot in our cities if we do not meet the situation in a constructive and non-partisan way. I appeal to the Minister of Labour himself—I know that his sympathies are with this problem—to confront the unemployment situation in a national way, not in this picayune way of raising technicalities and subtleties and saying that application must be made through the provincial government before the minister can deal with it, and the provincial government saying, "We cannot raise the scale of relief without federal sanction." I heard my hon. friend the Minister of Labour make the statement to the assembled members of this house that no unemployed man during the present winter would go without food, without clothing or without shelter. But what is the situation? In my own city of Vancouver there is a threat of nine hundred people being thrown out upon the streets to-day, with their families, without shelter. Why? Because a substantial degree of concurrence has not been obtained with regard to an adequate system of direct relief to be allocated for shelter purposes.

Mr. GORDON: But they have not been put on the streets yet.

Mr. MACKENZIE (Vancouver): And I trust they never will be. Let us do all within our power to prevent such a thing happening. But my submission is this, that the threat was made in the city of Vancouver only last Wednesday that unless an additional scale of relief for shelter purposes is provided to take care of these unfortunate people who are unemployed through no fault of their own, they will be evicted and will be without any shelter in the city of Vancouver to-night. In view of the pledge given by the Minister of Labour himself so recently to the members of this house, and considering the emergent conditions that prevail in many of our Canadian cities, surely the time has arrived for the government of the day, in a large national and constructive way, to envision and comprehend this entire problem as a nation-wide problem, a Canadian problem, in its very essence, and as far as I personally am concerned, if the government deals with it as a national problem I shall be only too glad to render any assistance I can. It is a national problem, Mr. Chairman, because our municipalities are practically all bankrupt. They are out of resources, and I am afraid that the policies of the administration during the last few years have very largely been driving them to that condition because they have been compelled to live beyond their resources to face the present emergent situation. So I am appealing to the Minister of Labour, particularly in view of the very grave conditions that exist in the province of British Columbia and all through the Canadian west, both in the industrial centres and on many of the farms in western Canada, to deal with this question in a national way, not in any piecemeal fashion, providing one scale of relief here and another there, not with the present lack of coordination and uniformity throughout the dominion; but let us have a large national constructive scheme with federal control and direction of the unemployment situation, and then with cooperation between all parties in this house who want to see real remedies applied and real relief obtained, I believe that we shall be able to do something to meet the unemployment situation in this dominion.

Mr. HEENAN: I am afraid that the minister has not calculated very closely the amount that he will require for the present year. If I have his figures correctly he says that there are 1,357,562 people on direct relief in this country at various periods, and that this represents 252,000 families. I am sure, in view of the fact that the railway bill has been given its second reading, it will not be long —this is its intention, and if not, it is not of any use at all—before thousands of railway men and their families will also be on direct relief. So I do not see any way in which the minister is going to reduce the present number of unemployed.

If you take that figure of 1,357,000 people on direct relief, and divide it into $20,000,000, it amounts to only about 4½ cents per head per day, and if you take the 252,000 families and divide that into $20,000,000 it amounts only to about $77 per head per year, or a little over $6 per head per month. I am quite certain that the minister has not given this matter his full consideration or he would have asked for a far greater amount than $20,000,000. That is the only complaint I have to make at the present time. I am sure that $20,000,000 will not nearly meet the situation, if we are going to do what the minister says he intends to do; that is, provide food and clothing and shelter for every person in this country who needs it.

Mr. POULIOT: I shall not detain the committee very long, but I wish to come back to the suggestion I have already made to the minister regarding a classification of the unemployed. Would it not be possible for the minister, with the assistance of Mr. Hereford and others of his staff, in association with the provincial heads of labour, to arrive at a certain classification of the unemployed. It is impossible to cure an evil until you know its extent, and the same is true of meeting the unemployment situation. Just as during the war some soldiers were wounded, others shell-shocked and others gassed, and different treatment applied to each class of cases, so unemployment can be properly cured only if the appropriate treatment is applied to each different class of case. Such a classification could be made by the service organizations like the Salvation Army, the Red Cross and the St. Vincent de Paul society, better I think than by any other means. I offer that suggestion once more in all earnestness to the minister, in the hope that it will be duly considered and that the department will be able to do something in that connection.

Mr. MITCHELL: I just want to say a few words before this clause carries. The question of shelter for the unemployed is going to be a very important one. Indeed I believe it will be a critical problem in the very near future. The owners of property—and there is some merit in their contention—claim that owing to circumstances over which they have no control they are being compelled to provide shelter for the unemployed while at the same time they are being pressed for the necessary carrying charges on their houses, interest and taxation, and it is only a matter of time before they themselves will be in the same position as the men and women who are now out of work and in need of relief. It will be agreed that unless they derive some revenue from their properties they cannot meet the taxes, interest, and provide for reasonable depreciation. In the city from which I come I understand that in the very near future a drive is going to be made by owners of property for compensation for housing the unemployed who are paying them no rent because they are in the unfortunate position of not being able to do so. I understand that it is the intention of the owners to put into operation eviction orders on a wholesale scale. I agree with what the hon. member for Vancouver Centre has said. I believe that this bill in itself is an evidence of the bankruptcy of the government in its efforts to meet the unemployment situation as it exists in this country to-day. Make no mistake about it; this kind of legislation cannot go on forever, otherwise you would wind up with nothing on either side of the ledger. Some day some government in this country has to meet the unemployment problem in a constructive way. We cannot wait until the world situation clears up. There is some suggestion that the coming world economic conference is going to bring about the return to more normal times, but the happenings in Europe during the last few weeks should have been sufficient to dispel any idea of that character. I believe we have to meet the difficulty in a national way. I have no objection to giving power to the government in this connection so long as the end in view is that of putting men and women to work. Under this legislation the government will have power to go to the rescue of banks and other corporations finding themselves in difficulties. There is no use putting the water into the cistern; we have to give it to the people to drink. We have to give them the work necessary for them to earn a living, and break down that division between production and consumption. We have to give men and women in agriculture and industry an opportunity to go to work and earn so as to obtain the necessities of daily life.

I believe the government should attack the problem from two angles, namely that of currency and mass production. If we wait until general world conditions right themselves we will have to wait too long; we cannot wait months or perhaps years for the present situation to rectify itself. In the city from which I come there are 35,000 people on relief. That, in itself, is a big problem, and the municipal authorities are at their wits' end to know what to do to meet it. In one year there is an overdraft of over a million dollars, and the relief department is the biggest spending department in the whole municipality. Then there is the further fact, that nothing of a constructive nature is being done in return for relief. We might as well put the money on wings. It is gone forever, with the exception that we have the satisfaction of providing people with the necessities of life.

I had hoped that this year the government would have some constructive unemployment measures. I do not care about the constitution; let us get the people to work. Give the government all the power it requires to put them to work. I do not care whether the

solution comes from one of the two older parties, or from the group in this corner of the house, but there must be action and quick action to meet the serious unemployment problem confronting the industrial centres of Canada.

Mr. WEIR (Macdonald): Mr. Chairman, I am wondering if the government has taken into consideration the situation which is likely to arise in the province of Manitoba during the coming year. I refer to the possibility of calamity from destruction of crop by grasshoppers with which I have had some experience. I have seen a map prepared by department officials indicating the extent of possible damage from grasshoppers during the coming year. Unless very drastic action is taken and a great deal of money expended I am afraid the possible grasshopper menace will destroy the crop of practically half the province of Manitoba. I hope the government has not overlooked this possible situation.

There is another matter to which I should like to direct the attention of the minister. I refer to the amount of money paid out two years ago by way of wheat bonuses to growers of wheat in the western provinces. I believe the minister has placed on record figures showing the amount of money spent in each province by way of wheat bonuses to the growers of wheat. I am interested in the area which last year was affected by grasshoppers, and which may again be affected in the coming season. That section of the province grows chiefly durum wheat. In connection with the pool operations which the Dominion government for the past two years have been assisting, the durum wheat growers were not paid the full amount of money coming to them. I mean by that that durum wheat was received by the Manitoba pool at a less initial payment than was common wheat and was sold at a price higher than common wheat.

I have under my hand a statement which I think should be placed on record. The people in the area affected are very much concerned, and I believe they have a reasonably good claim. The letter before me, which I shall place before the committee, came from the committee of two which interviewed the government on two or three occasions and in making its report to the durum wheat growers of Manitoba, they say:

> We, growers of durum wheat in the province of Manitoba in the crop year 1930-31, notwithstanding the statement made in the House of Commons on November 14, 1932, by the Right Hon. R. B. Bennett, respectfully submit:
>
> 1. That, being under contract with the Manitoba pool, we delivered collectively to the pool 3,520,675 bushels of durum wheat.
> 2. That the initial payments of the pool on durum wheat were as follows:
> 43,827 bushels at 64 cents.
> 2,957,839 bushels at 54 cents.
> 276,161 bushels at 49 cents.
> 242,847 bushels at 49 cents.
> 3. That the corresponding initial payments on No. 1 northern were: 70 cents, 60 cents, 55 cents and 50 cents.
> 4. That these figures show that all durum wheat was delivered at initial payments below the corresponding payments for No. 1 northern.
> 5. That all this durum wheat was sold by the central selling agency of the pools at an approximate average price of 67·69 cents per bushel.
> 6. That the initial payment represents a differential amounting to approximately $199.078 in favour of the growers of durum wheat, which is still in possession of the central selling agency of the pools.
> 7. That the selling price of durum wheat represents a further amount of approximately $300,000 received by the selling agency, and still held by them, making a total due the deliverers of durum wheat of approximately $500,000.
> 8. That this sum now held by the central selling agency of the pools of right belongs to the durum growers after deducting their fair share of the costs of the agency, and may not rightly be held as against the operations in connection with the sale of marquis or other bread wheat.
> 9. That it is inequitable to use this money belonging to the growers of durum wheat to finance any operations in connection with the sale of other wheat.
> 10. That this money cannot be released or paid to Manitoba wheat pool, trustee of this wheat for the durum growers, without the special consent of the Dominion government which has assumed control of the finances and operations of the central selling agency.
>
> We, therefore, respectfully repeat the request made to the Prime Minister in July, 1931, by the delegation appointed by and representing us, that the money now held by the central selling agency of the pool from the sale of durum wheat, be released by the government and paid to the shippers of durum wheat, to whom this money is imperatively necessary to enable them to carry on their farming operations.

I believe this matter should be taken into consideration. The area in which the durum wheat mentioned herein was grown is the same area which was so severely damaged last year, and is likely to be damaged again this year by the invasion of grasshoppers. For that reason I believe special consideration should be given to the request made by these people to have their fair share of money for the sale of durum wheat through the wheat pool. I am not at the moment suggesting that the full amount should be paid, but I think they are entitled to have their payments on durum wheat brought up to a basis equal to the payments made on common wheat.

Mr. MACKENZIE KING: With regard to the amendment moved by the hon. Minister of Railways I assume on behalf of his colleague, that this resolution be further amended by adding thereto the following words:

And that provision be made for accepting securities from the provinces for such loans, advances, guarantees, etc., as may be advanced by the government, and that provision also be made for the maintenance of peace, order and good government throughout Canada.

I must rise to a point of order, as to whether or not the amendment is in order. The resolution is:

That it is expedient to introduce a measure to continue in force the provisions of the Relief Act, 1932, until the 31st of March, 1934.

If this amendment is adding anything substantially different to the Relief Act of 1932 it is introducing entirely new matter. This I think it is, especially when it embodies a provision for giving powers to the administration in the nature of a free hand to enact orders in council with respect to peace, order and good government. May I say that we on this side would certainly not at the outset have consented to support the motion to go into committee on the resolution if we had had any idea that in committee it was intended to move this particular amendment.

May I draw attention more particularly to standing order number 60:

If any motion be made in the house for any public aid or charge upon the people, the consideration and debate thereof may not be presently entered upon, but shall be adjourned till such further day as the house thinks fit to appoint; and then it shall be referred to a committee of the whole house, before any resolution or vote of the house do pass thereupon.

One of the citations appearing in Beauchesne's Parliamentary Rules and Forms, number 548, from May, is as follows:

Before clauses in a bill can be considered which apply the consolidated fund or money to be voted by parliament as a guarantee for sums to be raised, paid or borrowed for any purpose, such clauses must receive the preliminary authority of a committee resolution founded upon the recommendation of the crown.

And the first part of citation 549:

All bills providing for the payment of salaries or for any expenditure whatever out of the public funds of the dominion must be first considered as resolutions in committee of the whole. And all such resolutions necessary to the introduction of a bill must first obtain the recommendation of the governor general.

May I say that what is proposed by this amendment has not received the consent of His Excellency the Governor General, and has not been recommended to this house by the government as having received the approval of His Excellency. The resolution as it is before us had been submitted to His Excellency, and we were informed had been approved by him and recommended to the house, but that resolution does not contain any clause with respect to peace, order and good government. I submit that the insertion of that clause places an extra charge upon the consolidated revenue of the country, and that it should be submitted in the form of a resolution in the first instance, as having been recommended by the crown and as having the approval of His Excellency.

That is the point of order I wish to raise. Perhaps in this connection the Prime Minister would let me say at this time that I am raising the point of order not for the purpose of opposing what the ministry may regard as necessary in the way of additional powers to meet a fiancial crisis. We are dealing here with the question of unemployment relief, and I want to urge at the moment, as I did when this question of peace, order and good government came up before, that I think it would be infinitely better in every way not to confuse these two great questions, relief, on the one hand, and on the other, the powers that the government may require to deal with an emergent condition. If the government feels—and I imagine it has reason to feel—that there may be some particulars in which it wishes to have additional powers, let it bring in a measure asking parliament for the additional powers it feels it needs, we will be prepared to judge the measure on its merits. I would suggest, unless there is a special reason for wishing to press the matter in this form, that advantage should be taken of the recess by the government to think over that aspect of it, and let us proceed with the relief measure as we have it before us. If the government needs additional powers, we on this side will be disposed to grant whatever is reasonable in that regard.

May I say further that I believe the powers that are being asked for now are to be found in large part in the measure already before us. Concerning the first part of the amendment, as to taking securities from the provinces for any loans, the bill we are being asked to reenact provides that:

The governor in council may, on such terms and conditions as may be agreed upon, and notwithstanding the provisions of any statute or law,—

(a) enter into agreements with any of the provinces respecting relief measures therein;

(b) grant financial assistance to any province by way of loan, advance, guarantee or otherwise;

(c) take all such measures as in his discretion may be deemed necessary or advisable to protect the credit and financial position of the dominion or any province thereof;

I should think those provisions were ample to meet the first part of the amendment proposed by the Minister of Railways on behalf of the Minister of Labour. And I am not at all sure that subsection (c) of section 2 which I have already quoted, which gives the governor in council power to take all such measures as in his discretion may be deemed necessary or advisable to protect the credit and financial position of the dominion or any province thereof, does not give to the ministry practically all they need to deal with any situation that may arise.

I think it is best to put the whole case as I see it before my right hon. friend at the moment, I hope he will feel that I am doing so not in any contentious way but simply to present the difficulties that we see in accepting the amendment in the form in which it is presented.

Mr. BENNETT: The point of order that has been raised by the right hon. gentleman is in my judgment untenable, for the simple reason that with respect to paragraph (a) the addition to the section as it was passed last year is merely technical. Power was given, as will be observed, to loan or advance money or guarantee the payment of money, or take all such measures as might be deemed necessary or advisable to protect the credit and financial position of the dominion or any province thereof; and a question was raised, a purely technical legal question, whether or not there should be in the act itself, provisions that would enable security to be taken in advance for guarantees given. The addition reads as follows:

> And in respect of such loans, advances and guarantees, may accept such security, enter into such agreements, and generally do all such things as the governor in council may deem necessary and expedient in the public interest.

That is purely technical; it has been suggested by counsel for one of the banking institutions with regard to which a guarantee was given in respect of certain securities that were taken by the government to secure itself against any possible loss. It adds no additional burden to the body politic. An amendment that has just been moved restricts rather than adds to the public obligation.

With respect to the observations of the right hon. gentleman regarding peace, order and good government, the real reason we have proceeded in this way is that these words did appear in the statute of 1931, and I felt, in view of the statements made by the opposition last year and the year before, that if we were to ask for the emergency powers such as were granted during war time it would be provocatory—I use that word deliberately—and in addition might leave a wrong impression on the public mind. So I thought it desirable under the circumstances to use the words that had been used in a former statute, and confine ourselves to those words, to maintain within the competence of parliament peace, order and good government throughout Canada and protect the credit and financial position of the dominion or any province thereof; those latter words, of course, were in the legislation of last year. I did before proceeding with the amendment to the resolution look into the authorities roughly, and asked the clerk at the table as to whether or not the amendment was a customary and usual one according to our parliamentary practice, rather than proceeding last week with either a new resolution or by other form of legislation. It was because of amendments which had been made according to precedent to resolutions in committee that the course I have indicated was pursued. I think it will be found that when proceeding in this way there will be less occasion for complaint than if we had undertaken to introduce a lengthy bill conferring upon the executive, the powers for instance, conferred under the War Measures Act. Rather than embarrass the opposition, desirous as it is to assist at this time in enabling government to be carried on properly, we came to the conclusion that we would, to use the words of a very distinguished author when writing to the Romans, give less occasion for offence if we proceeded in this way rather than in the other.

Mr. LAPOINTE: Does not my right hon. friend think that the leader of the opposition is right when he argued that this amendment should be submitted to his excellency for approval?

Mr. BENNETT: No. I tried to make clear that the power to make this amendment to this resolution in committee is a power within the rules of the house. That is my understanding. After the adjournment of the debate upon this measure, the executive came to the conclusion that under the circumstances it was desirable to seek wider powers, and the question then arose as to whether or not that would imply, (a) a new resolution or (b) an amendment to the existing resolution now before the committee. After looking into the authorities and conferring with those who are in a position to advise, it was found that it would be no departure from existing precedents to proceed in the manner I have indicated. That is why this course is being followed. I should like to assure the com-

mittee that in adopting this method the government is endeavouring to give as little cause for unnecessary criticism as possible and to leave upon the committee a sense of responsibility such as has been very properly—I trust the right hon. gentleman will not misunderstand me—indicated this afternoon by the leader of the opposition. To use the words used on a previous occasion, we thought we would be giving as little cause as possible for unnecessary criticism in extending the powers of the executive to the extent to which the War Measures Act had extended them. I shall be glad indeed to consider what has been said by the right hon. gentleman, but in view of what I have stated as to the reasons why we took this course, namely to accelerate the passing of the legislation and lessen so far as possible any occasion for criticism, and to meet the wishes of the opposition, especially in view of what has been said by the right hon. gentleman, I trust that the committee will accept the legislation in the form in which we have drafted it.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. BENNETT: With respect to the point of order, I would say that the words "peace, order and good government" might readily be added after the resolution had gone out of committee. It would be competent on its second or third reading to add these words, which impose no charge on the treasury.

Mr. MACKENZIE (Vancouver): I am sorry I was not in the house at six o'clock, but I understand that a point of order was raised as to the propriety of introducing this amendment to the resolution. I understand that the amendment to the amendment consists of two parts; in the first place it deals with the receiving of securities from the various provinces as against contingent advances to be made to the provinces; and an amendment is also to be added to the resolution with regard to peace, order and good government. I respectfully suggest that these two issues are both fundamental issues different from those raised in the bill before the house. The bill before the house was based on a resolution—

Mr. BENNETT: The bill is not here yet.

Mr. MACKENZIE (Vancouver): —moved by the Minister of Labour, which resolution proposed the continuance for a year of the terms of the relief act of 1932. Hon. members who recall what happened in this house last year will remember that in the first instance we had a bill to postpone from March 1 to May 1 the terms of the Unemployment Relief Act of 1931, and then there was a second bill, passed in the closing days of the session of 1932, and upon which the present resolution proposed by the Minister of Labour is based. That resolution was properly introduced and submitted to the house, and upon that resolution, and upon the amendment with respect to the $20,000,000 for direct relief, the house resolved itself into committee of the whole. After the house has gone into committee of the whole an amendment has been moved dealing with two very fundamental issues: in the first place, the power to take securities from the provincial authorities as against contingent advances to be made them, and in the second place dealing with the fundamental question of peace, order and good government, which was contained in the bill of 1931 but omitted from the act of last year, upon which the resolution of the Minister of Labour is based.

I suggest that this is a matter absolutely of fundamental policy. So fundamental was it considered a year ago that it entailed a debate of three weeks in this house as between the varying points of view of hon. gentlemen on all sides. Here we have a resolution introduced after the house has been notified that His Excellency the Governor General in Council has been advised of the contents of the said resolution. The house properly moves itself into committee of the whole on the resolution, and after we are in committee of the whole the Minister of Railways this afternoon, on behalf of the government, proposes an amendment dealing with the very principle which was abrogated in the legislation of a year ago but which was embodied in the legislation of 1931—a principle which is in direct conflict with the legislation of 1932, because it is a principle that caused so much acrimonious debate in this house.

I suggest with all respect to the Prime Minister and the Minister of Railways that this further amendment should have been introduced in the proper way, after the house had been warned, with the Speaker in the chair, that a minister of the crown intended after notice to move this concrete resolution by way of amendment to the resolution proposed by the Minister of Labour, or by way of addition thereto, because it is fundamentally different from the terms of the legislation of 1932.

I understand that the Prime Minister this afternoon suggested that the only alternative would be to introduce a resolution along the lines of the War Measures Act. That, I submit, is not so. The alternative to the procedure which has been followed to-day would be this. Notice should be given of a resolution amending the resolution moved several days ago by the Minister of Labour, and the house should be duly apprised of that resolution, duly notified that it would come up, and duly warned that His Excellency the Governor General in Council had been made aware of its contents and had given his consent thereto. Then, on a given date, the house having been properly advised of the contents of the resolution with regard to advances to the provinces, and also with regard to the provision for peace, order and good government, we could move into committee of the whole and discuss the measure with propriety.

The procedure now being followed takes, I submit, an unfair advantage of the committee of the whole house and is entirely contrary to rules 548 and 549 as well as to the opinion expressed by Bourinot at page 504. I think, Mr. Chairman, that if you will take the trouble to read Bourinot at page 504 you will find the practice specifically set out there. With respect to payments to be made out of the consolidated revenue fund or out of moneys to be provided by parliament, the clauses providing for such payments must first be considered in committee. There is an elaborate argument there in support of my contention and I suggest that the alternative is not to pass legislation in accordance with the terms of the War Measures Act. According to the terms of the rules, the alternative is to introduce a resolution with due notice given to the house. The resolution can be properly debated and then the house will go into committee of the whole and consider the amendment that is submitted.

The CHAIRMAN (Mr. Hackett): The amendment in no way changes the financial features of the resolution and in no way adds to any appropriation of any part of the public revenue or to any tax or impost. I therefore hold that the amendment is in order.

Mr. MACKENZIE KING: With your decision, Mr. Chairman, which, I suppose, we must accept, the amendment is now before us. I wish at once to take very strong objection to its being passed by the house because I regard it as the negation of all government by parliament. There are on our statutes numerous laws with respect to peace, order and good government. If those laws are in any way inadequate to meet any situation that may arise, we should be so informed by the ministry and given an opportunity to supplement them in any particulars that may be necessary. But to say that, notwithstanding all the legislation parliament has thus far enacted, the ministry of the day shall have powers, once parliament has prorogued, to pass by order in council any enactment that it pleases, to make any order in council which shall be the equivalent of any law, with respect to a subject as broad as peace, order and good government, is, as I say, simply to take away from parliament its fundamental rights in matters of this kind. I feel very strongly on this subject for the reason that I think we are at the moment living in a period of transition when the actions of governments are being closely scrutinized by the public generally. There appear to-day to be two tendencies one or the other of which is becoming uppermost in different countries, and each of which, it seems to me, is as bad as the other. One tendency is away from parliamentary government to a dictatorship. We have that situation in Italy, and we have it developing in Germany at the present time. The other tendency is in the direction of a form of socialism which is heading towards communism. It is not unlike the movement for a dictatorship in that it seeks to wrest power from the people's representatives as a whole and to give that power to a class. Both tendencies are subversive of all that the British constitution really stands for. The British people have found their security in times of trouble, not in dictators, not in the rule of one class over all, but in their House of Commons and their parliament which represents all the people and all classes in the state. Where emergencies have been so great that the ministry of the day has found it necessary to secure additional powers, the way in which those powers have been sought in Great Britain, the mother of parliaments, has been by summoning parliament itself and allowing the people's representatives to say what they thought was in the circumstances the wisest and best course.

I do not think advantage should be taken of the existing distress or of any present fears to rob parliament of its real purpose as the representative of the people in all matters pertaining to their affairs. Speaking to the point of order, I suggested that I thought it would be better, even in the interests of peace, order and good government, for the ministry not to confuse these two all-important questions, that of relief and that of meeting an emergency which may arise from

conditions of violence, if you will, on the one side, or something in the nature of a financial crisis or panic on the other; but to confine what relates to relief to a bill which will deal exclusively with that subject and the powers that are to be given to the ministry in respect thereto, and provide under a separate measure what may be required in the way of additional powers to cope with an emergent situation. I urged that very strongly when this step was first taken in 1931. In that year the Prime Minister asked that the minister should be given power to enforce peace, order and good government. As the house will remember, that power was obtained from parliament at the session of 1932 not as a result of free discussion carried on without pressure, but under closure; the instrument of closure had to be introduced in order at that time to obtain that power for the ministry. That again was in part a negation, I take it, of government by parliament. Having had those powers, and taken some action under them the ministry found, at the end of a year, that they could get along quite well with what the laws of the country generally provided, and the Prime Minister, at the conclusion of the next session in the bill providing for what was needed in the way of meeting conditions of distress and affording relief, omitted this objectionable provision from the measure. I thought at that time we would be spared its reintroduction on any subsequent occasion. If conditions have arisen which make something of the kind necessary to-day, when they were not necessary a year ago, let us be told what these conditions are, and let us see if the law as it stands is not sufficient to meet them without going the length of giving the ministry what to all intents and purposes is absolute power.

When I spoke on the matter in 1931, I sought to make it quite clear that so far as the Liberal opposition was concerned, we believed, first of all, that the government had all the power it needed to deal with any situation which might arise, but that if they had not that power, and would make clear to the house that they did not possess it, we would not oppose any reasonable measure necessary to meet any unforeseen situation which might develop. Let me read what I said at that time and, in doing so, say that I hold the same view to-day, and should like to repeat it to the ministry. This was what I said on July 29, 1931:

We have laws on the statute books at the present time for the maintenance of law, order and good government throughout the country. If those laws are not adequate and my right hon. friend wishes to have additional powers to maintain law and order in Canada, let him ask for them in a separate measure. He is responsible for the administration, and if he says to this house that he has reason to believe that the powers that exist at the present time are not adequate to cope with any possible situation with respect to the maintenance of law and order in Canada, I will accept his word and support him in any reasonable measure he may bring down for that purpose. But I do say that he should not confuse any question of the maintenance of law and order with the question of unemployment relief or farm relief.

I do not think it would be possible for any party in this House of Commons to make a fairer statement of what is due to the public by the parliament which represents it than what is given there. Again, a little later on:

I am going to ask my right hon. friend to eliminate that particular clause from his resolution. I would ask him to do it in the interest of the very subject that he mentions, namely, peace, order and good government in all parts of Canada. I do not think it will make for peace, order and good government to include that particular clause in a resolution dealing with unemployment relief. Let that particular clause be eliminated, and then if for reasons that he may have in his own mind, my right hon. friend, says, as I believe he sincerely thinks is the case, that there is need to give the governor in council additional power to deal with this question, let him bring in a measure for that purpose, and I think I can promise him the support of hon. members on this side.

That was our position in 1931, it was our position again in 1932, and it is our position at the present time. In no way do we wish to embarrass the ministry in any measures which it requires and which it can assure parliament are necessary, but we do feel that, after all, the ultimate security of the freedom of the people of this country lies in parliament, and in the control by parliament over all situations which may arise, and not in taking away that control from parliament and vesting it in the government of the day.

What were the reasons that caused the Prime Minister to ask for this power before? He may have other reasons to-day, and, if they are different, I hope he will give them to the house; but his reasons when he sought this power before were pretty well summed up in the remarks he made speaking in the house on March 23, 1932. I submit that, in examining carefully his remarks, one will see the strongest reason why parliament should not surrender to the ministry its control in the matter of legislation on peace, order and good government. The Prime Minister said then in part:

I would not ask this power from any parliament except reluctantly, and I so stated when I introduced the resolution the other day.

A little farther on he said:

We do not believe that this power will be called into play; nay, more, we sincerely and fervently hope that it will not be. But, sir, what is a man without a weapon in the midst of armed force? What is a man who has no instrument for his protection in the midst of the strife of brigands? Without this power we should be without a weapon that could be used except through a bill in parliament; and with the strange views that obtain in these days there is no assurance that the mind of the government would be sufficiently strong to secure consent for any measure it might introduce. And from what we know and have seen, we should certainly be opposed with respect to consent. Then the matter would go its weary way, for there is another chamber to be considered before legislation is enacted; and in the meantime the injury may be done.

What does that mean? It simply means that, in the Prime Minister's opinion, there are powers which he may wish to exercise which he believes this parliament would not grant to him. That is the word there, that he doubts very much if, with the mind of the government what it is, he could get consent from parliament for what he wishes to do. Now I say that no such power should be given to any individual, no matter how wise he may be or how worthy his intentions. That statement alone, it seems to me, makes it necessary that parliament, if it is going to protect and maintain its own interests, decline to extend to the ministry powers so extensive, powers that enable the ministry to override its will. Recognizing that those powers were very extensive, though he had not exercised them except in part, the Prime Minister later, in 1932, withdrew his request for full powers with respect to peace, order and good government, and said to the house:

Instead of asking for the right to pass orders in council with respect to peace, order and good government after the first of May, we shall specify the statute with respect to which we believe it may be essential in a time of crisis to enact reasonable regulations or orders in council.

Mr. Lapointe: A slight improvement.

Mr. Bennett: It will be a very great improvement. As I have said in this house repeatedly, you cannot deal with emergent conditions on the basis on which you deal with everyday conditions.

The Prime Minister at that time felt it would be sufficient if he indicated the particular statute of which he might wish to take advantage in a time of crisis. I wish we could hear from the Prime Minister as to just what particular situation he thinks is likely to arise which will necessitate giving this new wide power to the governor in council. Parliament has a right to know what that situation is. I wish that, at the same time, he would point out to us wherein the existing statutes do not contain provisions sufficient to meet any situation which may arise. We have statutes which relate to emergencies in the nature of unrest, violence and the like, even insurrection. The law in that particular is clear and comprehensive and sufficient for dealing with situations of the kind. Then in regard to a different class of conditions that may arise, something in the nature of a panic or a financial crisis, there are in the statutes at the present time provisions designed to enable the government to meet every such situation. But if those provisions are not adequate, let us be told what is needed by way of an addition to the statute as it stands, and give us an opportunity to consider and pass upon a measure of the kind before parting completely with what is the supreme function of parliament.

I may be mistaken, but I am inclined to think that the bill that is before us contains a provision that is broad enough to enable the government to do practically anything it needs to do in a time of crisis, apart altogether from the question of relief, though it is a provision in the relief measure. Let me read to the house section 2 of the bill:

The governor in council may, on such terms and conditions as may be agreed upon, and notwithstanding the provisions of any statute or law,—

(a) Enter into agreements with any of the provinces respecting relief measures therein;

(b) Grant financial assistance to any province by way of loan, advance, guarantee or otherwise;

(c) Take all such measures as in his discretion may be deemed necessary or advisable to protect the credit and financial position of the dominion or any province thereof;

(d) Loan or advance money to, or guarantee the payment of money by any public body, corporation or undertaking.

What more power does any administration need than is given in that section? I think the Prime Minister ought to tell us very definitely what additional power is needed, why it is needed, and whether it is to be exercised or not. Subsection (c) does seem to be as broad as language can make the provisions of a statute:

The governor in council may, on such terms and conditions as may be agreed upon, and notwithstanding the provisions of any statute or law,—

(c) Take all such measures as in his discretion may be deemed necessary or advisable to protect the credit and financial position of the dominion or any province thereof.

In the light of what I have said, believing that the law as it stands is amply sufficient to give the governor in council all powers that are needed to deal with any situation that may possibly arise, and having in mind the fact that when these powers were sought before

from parliament they were obtained under closure, and having further in mind the dangerous tendencies which we are witnessing in other countries of the world, resulting in the transfer of the powers of government from parliaments to the hands of dictators or to a class, which is another form of dictatorship, I submit that we in this parliament, and particularly in this country, which I believe, despite all its ills, is in a better condition than any other country in the world, ought to consider very carefully before we part with what after all is our pride and our security, namely the control which the parliament of Canada, representing the people of Canada, has over their affairs at all times.

Mr. BENNETT: Mr. Chairman, since there was a parliament it has delegated its powers to governments. The very essence of parliamentary government is that to an executive body parliament at times delegates its powers. The extent to which that delegation is made depends entirely upon the circumstances under which it is requested from parliament. I was amazed that the right hon. gentleman should have mentioned again the mother of parliaments in dealing with a matter of this kind. I pointed out last year that not only had the mother of parliaments delegated the powers to which reference was made, but that the delegated authority exercised the powers while the imperial parliament was sitting.

Mr. MACKENZIE KING: That was with reference to the control of expenditure, and the lessening of it.

Mr. BENNETT: They had to do not only with expenditures but with other matters as well.

Mr. MACKENZIE (Vancouver): Only for one month.

Mr. BENNETT: I beg your pardon?

Mr. MACKENZIE (Vancouver): Only for the period of one month.

Mr. BENNETT: If the hon. member has a question, would he be good enough just to ask it? When he breaks in in that way it does not do justice to him.

Mr. MACKENZIE (Vancouver): That is correct, though.

Mr. BENNETT: If the hon. gentleman will just possess his soul in patience I will continue my observations. It was for a limited time only.

Mr. MACKENZIE (Vancouver): Yes.

Mr. BENNETT: Why? Because the circumstances were so pressing that the power had to be exercised promptly. And while the imperial parliament was sitting the delegated authority during the next thirty days was exercising all the power of parliament, and more.

One step more. In 1931 this parliament was asked to confer upon the executive those powers with respect to peace, order and good government. This parliament did so, at the request of the government. We have recently witnessed a situation develop in the United States of America which none of us ever believed would arise, namely the closing of the banks in the great city of New York. Had it not been for the power conferred upon us by the statute of 1931 we could not have taken the action we did and have prevented a crisis.

Mr. MACKENZIE (Vancouver): No.

Mr. MACKENZIE KING: What action?

Mr. BENNETT: It shows how strikingly unfamiliar with conditions some hon. members are. I have made an absolutely correct statement.

Mr. MACKENZIE KING: Of what; what action?

Mr. BENNETT: First of all, with respect to the exportation of gold.

Mr. MACKENZIE (Vancouver): Oh, oh.

Mr. BENNETT: The exportation of gold, which is the one matter with respect to which the president sought help from congress.

Mr. MACKENZIE (Vancouver): It was not necessary at all.

Mr. BENNETT: Is it possible that at this day for purely party reasons gentlemen are unwilling to concede facts as they exist? Is it possible that that is so? In view of the observations made by the leader of the opposition I had thought perhaps this problem would be approached with a view to avoiding the necessity of enforcing closure, to which reference was made.

I ventured to point out that the mother of parliaments had exercised this power. I point out that under the relief acts of 1930, 1931 and 1932 this parliament did confer certain powers upon the executive. In 1931 the executive was clothed with authority to pass orders in council dealing with peace, order and good government. In 1932 we passed legislation dealing with the gold question and with the valuation of insurance securities. Both those provisions, which had been covered by orders in council in 1931, were now properly embodied in the statute law of the country. Therefore the necessity for exercising them had passed. I will say this to the committee: If to-night

we could anticipate every contingency which might arise, and thus deal with it by parliamentary action, there would be no necessity for the request of this power. But because we have not the vision to foresee all that may take place, because no government is able to know all that may happen, because we know that in the richest country in the world on a Thursday afternoon assurance was given that there was not the slightest chance in the world of a condition arising which would necessitate the action of closing their great financial institutions, and yet at half past three on Saturday morning of the same week a decree was signed by the government of the state which closed those institutions—because of these circumstances we have to act. I merely mention this, because we cannot with any degree of certainty predict what conditions may be.

It has been suggested that in 1931 legislation was passed by the exercise of closure. So it was. But I do not think that those who are associated with the party opposite fifty years from now will turn up the debates of that session and look at them with any degree of pride. I venture that suggestion. I venture to say further that the voice of the people as expressed throughout the country during the progress of that long debate was sufficient to indicate the views they held.

Mr. BEAUBIEN: That is only the opinion of the Prime Minister.

Mr. BENNETT: Closure is a very essential practice in the conduct of parliament. The mother of parliaments, to which reference has been made to-night as a sure and certain guide, has not only used closure, but the guillotine falls at a certain minute, at which time all discussion is automatically shut off. In England they took but a few days to discuss what we took two months to discuss last year.

Mr. MACKENZIE (Vancouver): A different situation entirely.

Mr. BENNETT: Of course the mother of parliaments is a sure and certain guide, when it suits—but when it is adverse to us it is not a guide at all. In England closure has been enforced for sixty years or more. It has been in use in Canada for only a limited time. In this country its operation is different from what it is there. The Prime Minister simply rises in his place and states, "We will terminate the debate at twelve o'clock to-morrow." And at "twelve o'clock to-morrow" the guillotine falls; that is the end of it. He has complete control of the situation. In England there can be no such condition as we have here. We did give notice of closure for the purpose of enacting legislation, and it was finally enacted.

I say again to this house that all hon. members have to do is to consult those vitally concerned, and they will find that it served its intended purpose and enabled this country to reach the very condition to which the hon. gentlemen referred so kindly to-night when he said Canada was better off than any other country in the world. I wonder if it would be possible to convince this committee that those who for the moment are charged with responsibility, those who for the moment have to direct their energies and the best efforts they can give to the problem of maintaining the integrity of this country in a moment of great difficulty, have no desire to seize power for the mere sake of power. So carefully has power been exercised, and so reluctant has the government been to use it, that sometimes, as in 1931, the complaint has been made it has been used too sparingly. I yield in nothing to any hon. gentleman in this house in my love of parliamentary institutions and my regard for law, order and liberty. But the sure and certain insurance that we have for the maintenance of our institutions is to prevent chaos and anarchy. And chaos and anarchy frequently arise because there is not adequate authority which can be promptly used to change the conditions upon which anarchy and chaos are predicated.

Let us take England again—and I am sure the right hon. leader of the opposition must have forgotten this: At the very beginning of the war England passed the Defence of the Realm Act, familiarly known as Dora. And it not only remained in force in 1919, 1920, 1921 and 1922, but year after year men rose in their places in parliament and demanded that Dora should be repealed. But Dora remained on the statute book. And it will be recalled that a former Lord Chancellor, speaking in this city at a meeting of the Canadian Bar Association, gave an address in which he described the operation of that statute and the reason why, so many years after the war, it was permitted to remain, although the mother of parliaments has so long defended liberty and personal freedom. Why? Because it was uncertain, in the midst of a changing world, what changes might take place suddenly, and Dora, the Defence of the Realm Act, provided the authority whereby the government of the day could take the appropriate action.

I do suggest to hon. gentlemen opposite that if they will take the trouble to look at the statute; if they will go into yonder library

and look at the orders in council passed under it; if they will look at the substantive laws which came into being by reason of it, long years after the war had passed and ended, because extraordinary circumstances and changed conditions had made it imperative that immediate action be taken—and was taken—they will be convinced of its worth. The parliament of Great Britain, as we know, was sitting at the very time these regulations were passed and the executive was exercising the authority. So have we laws upon the statute books—the right hon. gentleman opposite refers to them—and I think it is fair to say to this committee that there is a law on the statute book of this country that permits us, in the event of a real or apprehended crisis, to publish a proclamation in the Gazette; and then there comes into being practically the War Measures Act, and the executive is clothed with full and complete authority to deal with all the matters therein provided for. But surely the very reason that this country has retained and maintained its position in the face of the difficulties we have had to meet is that we have calmly and patiently, and with, shall I say, much courage on the part of the people themeslves, borne difficulties without panic and without any indication that a condition of crisis existed in this country. Suppose for the sake of argument that this government to-night were to issue a proclamation and say that an apprehended crisis necessitated our passing this order in council and bringing into force all those provisions of the Finance Act and of the War Measures Act, what would be the effect upon the people of the country? One of the many reasons why the people of this country have retained their poise in the face of this world wide and unexampled depression has been that—if I might say it; I trust I shall not be misunderstood—there has never been any sign of panic on the part of the government of Canada. If there were loss of confidence in the institutions of the country as well as the country itself, the results would be such as no man would care to contemplate. In seeking this legislation the government desires only to place itself in such a position that it may be able to cope with difficulties that no man can foresee, which we hope will not arise, but which if they do arise we must be ready to meet. That is all. Without panic, without any sign of crisis or apprehended crisis, but in orderly and regular manner we must proceed with the business of the country, with the authority conferred upon the executive by parliament.

[Mr. Bennett.]

I will not repeat the many arguments that I and my colleagues have endeavoured to adduce in preceding years with respect to this matter. The government is entirely in the hands of the committee. The government does not seek these powers for selfish purposes. They can only add to the burden, the already great burden which the government bears. But the government must be true to their obligation to the country as a whole, and this they would not be if they did not anticipate all possible developments, seeing what they observe about them and what every hon. member of this house sees about him in all countries of the world, especially in the great republic to the south where for the first time in nearly a century the congress of the United States has enacted legislation to place in the hands of one man complete power with respect to the enumerated items in the bills that have recently passed congress. No one would have thought that possible a year ago, yet it is there; it is done. Are we to say that they are less careful of liberty than we, or that they have less regard for the maintenance of their institutions than we? To secure the power to enable the president to deal with the matter as he did, recourse had to be had to a statute passed in connection with the war in 1917. And so doubtful was its application, because of the absence of any general provision in their legislation, that the action taken had to be ratified and confirmed by the very statute that conferred the power upon the executive.

I agree with what has been said by the right hon. gentleman opposite, that there are tendencies in the world to lessen the base of authority. Democracy has not lived up to the prospectus. It has not been possible for thousands, by merely counting heads, to determine and dictate always what is best. In the very nature of things the thousands, or their delegates, have thought it desirable that the power which they possess and which they could not quickly and usefully exercise, should be vested in one whom they select for that purpose. It is true that in Italy, as the right hon. gentleman has said, you have a dictatorship; there is evidence of it in Germany, and on this continent you have power such as has never been known before vested in one man by the newly elected congress, fresh from the people, both the House of Representatives and the Senate. We do not ask that any such power be vested in any one man; we ask that authority shall rest in the government of the day, which means that there must be a majority who share a particular view before any suggestion made

by any member of the cabinet could become law or have the force of law.

This in conclusion—for, as I say, I am not going to traverse the ground again; possibly it would be unnecessarily provocative, besides merely threshing old straw and discussing again questions that have been thoroughly discussed in this house—I merely desire to say that it is my firm conviction that if the right hon. gentleman and his friends were to the right of the Speaker, and were confronted with the world conditions that now prevail, they would seek, as other governments have sought, both Liberal and Conservative and of other classes in every part of the world, authority to enable those who for the moment are charged with governmental responsibility to deal with any situation that might arise, and which can be provided for, not in the general terms of the statute in the sense that the right hon. gentleman mentioned, but in terms that refer to the constitution itself. There is no magic in the words "peace, order and good government," were it not for the fact that that they are the words that appear in the constitution conferring upon this parliament its jurisdiction and creating the very institution itself. For section 91 of the statute says:

> 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—

An so on. The words "peace, order and good government" therefore have no magic meaning; they are the words that appear in the constitution itself. And in the exercise of the powers conferred upon this parliament we are asking parliament to confer such powers upon us; so that if any contingency should arise that is not amply covered by the specific terms of the measure to which the right hon. gentleman referred, we would be enabled in the plenitude of the authority thus conferred upon the executive to exercise those powers by order in council for the peace, order and good government of the country. That is the sole reason why these words appear in that form in the resolution that is now before the committee.

I cannot do more than ask each hon. gentleman to examine his own mind and conscience with respect to the conditions that exist in the world. When any hon. gentleman asks me to state to this committee all the conditions that I think might arise which might necessitate the operation of this statute, I say to him frankly that I cannot do so. If I could there would be no necessity for asking for this legislation, for we could cover by express language all the contingencies that we think might arise. But because we do not know, and because I think no hon. member of this committee examining as I say his own mind and conscience with respect to the matter, could honestly say he believed he could cover every contingency, we ask the committee to pass this resolution, upon which may be founded a bill, not to confer autocratic or dictatorial powers upon the executive, but to enable the executive charged with responsibility fittingly to discharge those responsibilities as if and when occasion may demand.

Mr. MACKENZIE KING: Mr. Chairman, I shall endeavour to follow the Prime Minister in two of the particulars of which he has made mention, first, in not seeking in any way to be provocative and, second, to avoid threshing over old issues at any length. However, I think that the question which we are discussing at the moment is of sufficient importance to merit some debate and certainly to make perfectly clear the reasons why those of us who take exception to the course the Prime Minister is advocating, take that exception. I have listened very carefully to all that the Prime Minister has said, and I think I may concede all that he has argued, and still say with truth that there is no necessity for the government having more powers given to it than those contained in the measure before us at the present time. If one runs over what the Prime Minister has said and, at the same time, examines the bill to see whether its provisions are broad enough to help to meet any situation such as has been mentioned, I am sure he will find that the legislation proposed is wholly adequate.

The Prime Minister discussed the matter from the point of view of what had taken place in Great Britain; he referred also to some developments that had occurred in Canada, and also to what has recently taken place in the United States. I shall run over the points I have in mind in the same order.

The Prime Minister's main reference in connection with Great Britain was to the Defence of the Realm Act. In answer to my right hon. friend, may I point out that the Defence of the Realm Act is not at the present time upon the statutes of Great Britain and has not been upon the statutes of that country for a long time. It was a measure which arose out of the war. Surely we do not need to enact measures at the moment which are related to war. If Great Britain with all the problems with which she has had to deal has not found it necessary to ask for her executive powers

enabling it to make by orders in council laws respecting peace, order and good government, surely, following the British example, we should not go that length in this dominion at this time. I think conditions in Canada are better than they are in Great Britain, and for that reason I deprecate our taking a step which goes to such great lengths in the way of arousing unnecessary fears and suspicions in the minds of the people. The Prime Minister has spoken of the significance to be attached to the words "peace, order and good government," and he drew attention to the fact that they are practically at the head of our constitution. Why are those words there? The words are there to indicate that the powers of the parliament of Canada are so comprehensive that it may pass laws with respect to peace, order and good government, which includes practically everything, and that if all the powers enumerated are not sufficient, then parliament has still the necessary powers to enact any other measure under this heading peace, order and good government. But the executive is not parliament. This power was meant for parliament only, it was never intended for the executive. Parliament is comprised of the people's representatives in the House of Commons, of hon. members of the Senate and of His Majesty's representative in this country. If it had ever been intended to confer at any time these wholesale or all embracing powers upon the executive, it would have been so stated in the constitution. If there is no necessity for anything of the kind in Great Britain, why should we in Canada take this step at this particular moment? As I have said, the Defence of the Realm Act has reference to war time and war conditions. I think it is important that we should relieve the minds of the people in this country and of the world of the thought that we in Canada believe that we are face to face with war conditions. We may have a great deal of distress—we have a great deal of distress—we may be facing something that is serious in many directions, but, surely, we do not contemplate a condition such as war. In the absence of anything as extreme as that, I think we should hesitate to enact measures which could only be justified in time of war, if indeed they would be justified even then. May I point out that, even in war time, this parliament never parted with its powers to the extent being asked for by the ministry to-day. Under the War Measures Act certain powers were given to the governor in council, but a great deal of power has been taken to itself by the present ministry which would never have been thought of, and which was never thought of, by the government of Sir Robert Borden which was in office during the period of the war. All that was needed for the purpose of carrying on the war was obtained from parliament and by coming to parliament. There was no unlimited executive action and no authority given the executive as broad as that derived from the provisions respecting peace, order and good government.

I come now to the references made by the Prime Minister to Canada. My right hon. friend said that without the special powers which the government had, they would not have been able to do what they did with respect to the export of gold. I think the example the Prime Minister himself cited really shows that in this particular, he was not correct. He admitted that there is in the statutes provision whereby the government may, without further enactment by parliament, take action with respect to any panic or crisis which may arise.

Mr. BENNETT: They had to make a proclamation saying that there was a crisis.

Mr. MACKENZIE KING: Yes, that is quite correct; the government would have to issue a proclamation saying that a crisis existed. But the position at present is not as inadequate, if one wishes to use that expression, as it was then. Since that time, this parliament has given to the executive—they have it to-day—the power to take all such measures as in the discretion of the governor in council may be deemed necessary or advisable to protect the credit and financial position of the dominion or any province thereof. Surely that power is sufficient to take care of the problem of the export of gold or to meet any similar situation.

I listened with care to hear if the Prime Minister would say what it was he feared. He spoke only of an apprehended crisis. I assume that what was in the mind of my right hon. friend was a banking or some financial crisis, but is not the power already held by the executive sufficient to meet a situation of that kind? The act reads:

> The governor in council may, on such terms and conditions as may be agreed upon, and notwithstanding the provisions of any statute or law,—
>
> (c) Take all such measures as in his discretion may be deemed necessary or advisable to protect the credit and financial position of the Dominion or any province thereof;

I submit that with that power there is no necessity of going further afield for authority to meet some situation which is wholly imaginary, or so imaginary that it cannot be named in this parliament.

The third reference of the Prime Minister was to the United States. He pointed out how congress had been called and how certain powers had been given to the executive. I wonder if this committee realizes the real significance of the action taken in the United States. First of all, it was congress, the people's representatives, which were hastily brought together to deal with the situation immediately after an appeal had been made to the people. The president of the United States called a special session, but that privilege also exists in this country. The Prime Minister himself set an example in that regard. Immediately after the general election in 1930, he called a special session to meet what he then termed an emergency. Surely a special session could be called at any time in the future to give the people's representatives a right to say what should be done to meet the situation. The point, however, I wish particularly to draw to the attention of hon. members is that the powers given to the president of the United States and which were referred to by my right hon. friend as very great powers were powers with respect to enumerated items. That is exactly what we in this parliament have given to the executive in the legislation which is before us at the present time. That is what we are prepared to give to any extent that may be necessary, provided the ministry can present a reasonable case, and that is what I am asking that they shall confine themselves to now. I am asking that they shall enumerate the items on which they want absolute authority, because I do not think they should be given absolute authority with respect to unenumerated matters, the necessity for which is wholly imaginary.

That goes to the very root of the difference between my right hon. friend and myself and those who support us respectively on either side. The United States has taken a step to meet an emergent condition, but it has taken good care to see that congress shall not place in the hands of the president any powers other than those enumerated and of which it had approved in such an enumerated list. Yet we are asked now, in addition to all the powers set forth in the enumerated list here, to give the governor in council further powers. My right hon. friend, I submit, is making a grave mistake in asking for these powers. I am glad he feels as I do about this being a period of transition during which democracy is to some extent on trial in relation to the question of government itself. May I point this out—and I do so having in mind particularly the situation in Canada. Let the pendulum swing in one direction very far, and the inevitable reaction will be that it will go as far in the other direction. If this parliament parts with the power of parliamentary control over legislation generally and places that power in the hands of the executive—and I hope my right hon. friend will not take offence if I say that this means very largely himself, for everyone in the country believes that, and I think the right hon. gentleman himself believes it too—

Mr. BENNETT: No.

Mr. MACKENZIE KING: If that power is given to one individual, I say, we shall find very soon the contention being made in different parts of the country that if one individual or executive can exercise all the powers of government then a class can just as well do the same. We shall have our friends in the far corner, the Cooperative Commonwealth Federation, telling the people of the country that if they have to choose between two different types of dictatorships they had better choose a dictator that represents themselves, rather than one that represents an individual or a class to which they are opposed. I say that the only way to avoid such a situation is for parliament itself to retain control in the interests of all classes and all the people and not allow any individual or class to exercise autocratic powers in this country.

Mr. MacINNIS: I do not wish to say very much on this point seeing that possibly I am not as conversant with parliamentary procedure and parliamentary government as the two hon. gentlemen who have already spoken.

An hon. MEMBER: Oh, oh.

Mr. MacINNIS: I do not speak very often in this house, but I intend to speak whenever I have anything to say in the interests of those whom I represent. I was sent here to express their views and if any hon. gentleman does not care to hear me speak he need not listen. With regard to the provision for peace, order and good government, personally I do not think it is necessary because that is the first quality inherent in any government. The moment any government is unable to maintain peace, order and good government it ceases to be a government.

Of course, good government will always be defined from the point of view of the government in power, and therein lies my objection to this particular legislation. I am afraid that good government will not necessarily be defined as government in the interests of the people of the country as a whole but rather in the interests of a particular class.

The Prime Minister has referred to the decline of demoracy. As a matter of fact there has never been real democracy in any country. Expanding capitalism, that is to say, capitalism which was still growing and growing continously and afforded improvements in the condition of the people, made some measure of democracy possible; but with capitalism contracting to-day we find that democracy is being gradually curtailed in every country in the world, and this country is no exception. We hear very little disapproval of dictatorship where that dictatorship operates in the interests of the capitalist class. I do not think that this amendment is necessary, but if the government will use the power asked for for the purpose of improving the condition of the people who are in sore distress, then I see no reason why it should not be granted. If, however, as it seems, they want the power for other purposes then it should be opposed.

Mr. MACKENZIE (Vancouver): I was indeed surprised, when we inquired of the Prime Minister as to what benefits the dominion derived from the exercise of the power vested in the administration under the legislation of 1931, to hear the right hon. gentleman instance first of all the export of gold and in the second place the valuation of insurance securities. A year and a half ago the question of the export of gold was discussed in this house and he said then that it was necessary, in order to effect the prohibition of exportation of gold to the United States, to have a proclamation under the Finance Act in regard to emergency measures. I am sure the Minister of Finance knows very well that the preceding administration in 1929 effected the prohibition of the exportation of gold from this country to the United States without a proclamation under the Finance Act and without resorting to legislation with respect to peace, order and good government. It was accomplished through an understanding between the Minister of Finance at that time and the financial institutions of the country.

As regards the powers exercised under the legislation of 1931, which was sought to be revived in this house by the continuance measure from March 1 to May 1, 1932, and which was so bitterly contested by both sides of the house, if hon. members will recall the powers exercised under that legislation, under the same provisions as are sought to-night, they will remember that those powers related among other things to increasing the armed forces of the crown without consulting the parliament of Canada—

[Mr. MacInnis.]

Mr. BENNETT: To what is the hon. gentleman referring?

Mr. MACKENZIE (Vancouver): The Royal Canadian Mounted Police.

Mr. BENNETT: That is not an armed force of the crown; it is a police force.

Mr. MACKENZIE (Vancouver): They are a contingent armed force of the crown.

Mr. BENNETT: They are not; they are a police force.

Mr. MACKENZIE (Vancouver): My contention applies equally well. No administration has the right, without consulting the parliament of Canada, to increase police forces which are national without a direct vote of parliament. Take another power exercised under peace, order and good government. Two million railway ties were contracted for at a price of 65 cents. We were promised that we should get all the information, either in this house or in the committee, with regard to this item of expenditure under this power exercised in connection with peace, order and good government, but when we asked for the details we were refused on the ground that it was a secret of the railways. We were not given any information except the bare price of 65 cents. Take the powers in relation to insurance companies and banks. I contend that the stand we took in 1931 and 1932 in this house has been abundantly justified. What does the right hon. gentleman do to-night? He mentioned England by way of example and adduced two illustrations from that country. First of all he referred to the Defence of the Realm Act, which was a war measure. I am not surprised at the similarity between these twin dictatorships. I have here a pamphlet entitled A Plan for Britain, by G. D. H. Cole, from which I will quote the following:

> We shall have, for example, to begin with a drastic measure of emergency powers similar to the Defence of the Realm Act passed in the early stages of the war.
>
> We shall have to take power, in one brief comprehensive act of parliament, to bring under the completest public control any industry or service which it may be necessary for us to administer publicly in pursuance of our national economic plan.

So here we have the official socialist plan, a complete repudiation of parliamentary authority and responsibility, and here we have the Conservative plan which is likewise a complete repudiation of parliamentary authority and responsibility.

Again, my hon. friend referred to the orders in council passed in the old country in 1931. He was referring to chapter 48 of the statutes of that year in Great Britain. The difference between that legislation and the measure now before the house is this: a national government was formed in 1931 in Great Britain under the leadership of the Right Hon. Ramsay MacDonald. The powers that were vested by way of order in council were for a period of only thirty days. Seven days after the orders in council were passed, a general election was called, and that national government went to the country immediately to get a mandate for those orders in council. In other words, the executive orders in council underwent the acid test of public opinion in that election. Is that the same situation as the one which the right hon. gentleman presents to this parliament? It is not. I say that in the legislation now before the house, without the amendment dealing with advances to provinces or the one dealing with peace, order and good government, the Prime Minister has within the four corners of the measure, ample authority to effect any emergency measures he may desire for preserving the security and solidarity of this dominion. This power in respect to peace, order and good government, which we opposed with all the force at our command in March, April and May of 1932, is a complete violation of the fundamental rights of parliament, an abrogation of parliamentary authority and responsibility. So far as I am concerned, whether the policy advanced be that of the socialists on the left in regard to the establishment of a socialist state in accordance with this pamphlet which I have before me in regard to the socialist platform in Great Britain, or the Tory policy of establishing a Tory autocracy, let us maintain the rights of parliament and we shall not go wrong.

Mr. KENNEDY (Peace River): Did I understand the hon. gentleman to say that he was quoting from a pamphlet written by G. D. H. Cole—

Mr. MACKENZIE (Vancouver): Yes.

Mr. KENNEDY (Peace River): —as the platform of the group in this corner?

Mr. MACKENZIE (Vancouver): No. It is an outline of socialist policy in Great Britain. I am glad to learn that my hon. friend repudiates it.

Mr. DUFF: After listening to the Prime Minister, I can come only to the conclusion that he admits that he has been weighed in the balance and found wanting. He went to the people of this country in 1930 and he promised them that if he were elected, he would deal with unemployment; that every man would get work and that Canada would blossom like a rose. He has been in power for almost three years and he has had full authority to deal with every problem. Now he comes before parliament, as he did last year, and asks from us extraordinary powers by legislation so that when we are not in session he may deal with some bugaboo which he conjures up. As the leader of the opposition and other hon. members on this side have said, if there are extraordinary circumstances in this country and if the statutes are not sufficient to deal with them, there is no difficulty in calling a special session to deal with any matters which we should handle. Therefore I say that this amendment moved by the Minister of Railways should be amended. At the moment it reads:

> And that provision be made for accepting securities from the provinces for such loans, advances, guarantees, etc., as may be advanced by the government, and that provision also be made for the maintenance of peace, order and good government throughout Canada.

As regards the first part of the amendment, I do not think any of us would find much fault except, as the leader of the opposition has said, that under existing statutes there is sufficient provision for that. But with regard to the second clause of the amendment, there should be a difference; I would suggest this and I am going to move an amendment to the amendment to read as follows:

> And that provision be made for accepting securities from the province for such loans, advances, guarantees, etc., as may be advanced by the government, and that provision also be made for the maintenance of peace, order and a change of government throughout Canada.

Mr. BENNETT: I hardly think that is in order.

Mr. STEWART (Edmonton): I see one or two difficulties in connection with this legislation. First, let me say that I agree absolutely with the statement made by both the leader of the opposition and the hon. member for Vancouver Centre, in that I fail to see the necessity of reenacting the clause in regard to peace, order and good government. But if the government are determined to have that power—and I suppose as usual they will force their will upon parliament—then I cannot understand the necessity for the insertion of the amendments, first, for the vote of $20,000,000 and, second, for the purpose of taking securities from the provinces. The government appear to have all the necessary power to deal with the provinces in any matter that may arise in con-

nection with advancing assistance, taking care of their financing. Indeed, so far as we can learn, that is going on continuously, particularly with regard to the four western provinces.

One can, however, hardly understand the necessity at this stage for the extraordinary powers now asked for by the government. The Prime Minister takes a good deal of credit for the fact that we have had no financial panic in Canada. I have no recollection of his having had the Bank Act amended. The banks have been functioning under the same act. Indeed, so much confidence has he in our banking laws that he does not propose to amend them even at this session. Therefore the banks, in his opinion and in that of the government, must be stable and sound in every particular and I think Canada should be congratulated upon that fact. So far as the insurance companies are concerned, the Prime Minister has taken appropriate action to protect them with respect to the valuation of their securities. Contingencies may arise of which the government are aware, but which we do not know at the present moment, but it seems to me that at this stage, when any evidence of panic, if we may call it by that particular name, must be practically past, it is unnecessary to have this power, and if power is required, surely it is contained within the four walls of the statute of 1932. So far as I am concerned, I agree with the speakers on this side of the house that there is no reason for the reenactment of the clause giving the executive power in regard to peace, order and good government.

Mr. MACKENZIE KING: Is the amendment before us?

The CHAIRMAN (Mr. Hackett): The second amendment.

Mr. MACKENZIE KING: We should like to have a standing vote on it.

Amendment (Mr. Manion) agreed to: yeas, 60; nays, 23.

Mr. MACKENZIE KING: The minister was going to give us some information for which we asked when last we were discussing the resolution in committee, respecting the advances that have been made up to the present time to public bodies and corporations under the provisions of the Relief Act.

Mr. BENNETT: The only advances in cash were made to the Canadian Pacific Railway Company and to the provinces of Manitoba, Saskatchewan, Alberta and British Columbia.

[Mr. C. A. Stewart.]

Mr. MACKENZIE KING: Would the Prime Minister indicate how much money has been advanced in each case?

Mr. GORDON: I think I have already spread upon the record the exact amounts advanced to the provinces and to the railway, but perhaps it would save time if I gave the figures over again.

Loans have been advanced to Manitoba amounting to $8,160,629.45; repayments $220,000. Loans to Saskatchewan $12,461,293.23; no repayments. Loans to Saskatchewan Relief Commission in connection with seed grain, $6,000,000, of which $410,000 has been repaid. Loans to Alberta, $5,982,000, none of which has been repaid. Loans to British Columbia $6,866,664.69, of which $3,169,915.19 has been repaid. To the Canadian Pacific Railway Company in connection with the keeping open of their various shops in 1931 there was loaned $1,447,222.71, and an additional loan of $1,000,000 has been authorized but is not payable until later on this spring.

Mr. POWER: How much has been advanced to the provinces for the purpose of carrying on the ordinary running expenses of the province, the payment of civil servants, and so forth, and to which provinces have such advances been made?

Mr. GORDON: There have been no loans to the provinces for that specific purpose. As to the purposes to which the provinces have devoted the proceeds of the loans advanced, I do not think I have the figures.

Mr. POWER: I have not the orders in council by me at the moment, but I have a recollection of having read at least one, probably two, under which advances were made, as I understood it, specifically for the purpose of enabling the province to carry on its ordinary business other than for unemployment relief purposes. If the minister will give me a chance I will get the orders in council.

Mr. GORDON: There was nothing loaned to the province of British Columbia or to Alberta for ordinary governmental purposes. To Saskatchewan there was loaned for governmental purposes, $3,500,000.

Mr. POWER: How much of that has been repaid?

Mr. GORDON: None of it.

Mr. POWER: Is it with respect to some of these loans that a new order in council was passed a month or so ago in which it

was stated that the province could not pay its current interest, and that therefore the federal government would assume the interest in some form or another.

Mr. GORDON: I think the hon. member is right. They were unable to pay their interest and the interest was consolidated with the loan.

Mr. POWER: Then am I to take it that we have advanced money to at least one province to carry on the ordinary affairs of government, and that when these moneys became due we, by order in council, arranged that the interest should not be paid; or was the interest added to the capital?

Mr. GORDON: Yes, the interest was added to the capital, under order in council 385 of March 4, 1933.

Mr. POWER: The next question is: Does the minister ever expect to be repaid, and how?

Mr. GORDON: I have a great deal more faith in the probity and progressiveness—and I do not use the word politically—of the people of Saskatchewan than probably any hon. member from that province on the other side of the house.

Mr. POWER: That is hardly an answer to my question, because I do not come from that province. I have some faith in their probity, and more faith in their progressiveness politically, if this government remains in power very long. But I do ask the minister—and I believe we are entitled to a more serious answer than he has given—the following question: Does he think it is good business to lend money to a creditor, not for specific purposes, but simply to carry on his living expenses, so to speak. If he were a banker—and his government has become the banker of the bankrupt and semi-bankrupt provinces of this dominion—would he lend money to a borrower for living expenses, and when the borrower could not repay even the current interest, would he keep on adding to it by adding to the capital? I believe we have about reached the time in Canada when we should adopt a more definite policy with respect to the amount of credit the federal government is going to pour into the provinces, institutions and corporations. At the present time this government, in so far as it is able, is backing the banks, backing the insurance companies, backing Beauharnois, backing the wheat pool, backing the Canadian Pacific, paying deficits on the Canadian National and has at least four provinces on its hands. I suppose I will be accused of calling the credit of the dominion into question. Oh, I had forgotten—we are backing Newfoundland. And I suppose if Malta, Tasmania or Timbuktu went broke, if we could get a little credit at the seat of empire we would probably, out of the generosity of our hearts, back them too. Only two or three days ago President Roosevelt said the time had come to speak out boldly and frankly, to tell the people just what the situation is and to take them into the confidence of congress. I believe the government of Canada should take our people into its confidence, state frankly what the situation is and how long they expect to pour the credit of all Canadian people into any particular section. There is nothing which will bring about a national or financial crisis quicker than the habit into which we have fallen of backing this province and that province, this institution and that institution. There must be a limit somewhere.

Before this legislation passes I believe the government should lay on the table of the house the correspondence they have had with the provinces. If they have told the provinces to set their houses in order, we should know it. That was promised. But we were promised that information within two or three weeks, at which time, in all probability, this legislation will have passed. I suggest that to-day the minister should tell us the advice he has given to the western provinces. I repeat, in all seriousness, that we should come to some definite conclusion whether or not we will continue carrying on in this way. If Saskatchewan or any other province—I am not speaking about any one particularly—finds after a year or two that it cannot meet its current obligations, that it cannot pay for the running of the province and cannot pay the current interest, then the sooner the province of Saskatchewan goes to its bondholders and undergoes a process of reorganization, like a private corporation, the better it will be.

Mr. STEWART (Edmonton): May I ask the minister if that statement is correct—that we are lending the province of Saskatchewan money for its ordinary revenues?

Mr. GORDON: Yes, that is correct.

Mr. STEWART (Edmonton): Surely to say that a provincial government is having its ordinary revenues supplied by the federal government is an astounding statement to make. We are going to extremes when interest payments are taken care of by the federal government to help a province out of a difficult situation in bad times, but it is an unheard of thing to be told that the government of Canada is providing the ordinary running revenues of the province.

An hon. MEMBER: It is not the revenue.

Mr. STEWART (Edmonton): The minister has just stated it is.

Mr. COWAN (Long Lake): Only part of it.

Mr. STEWART (Edmonton): Why any part of it?

Mr. COWAN (Long Lake): What about Alberta?

Mr. STEWART (Edmonton): I hope to heaven Alberta never gets into that position.

Mr. COWAN (Long Lake): Saskatchewan finances are better than those of Alberta. You don't know what you are talking about.

Mr. STEWART (Edmonton): All I can say to the hon. member is that it is a sorry day when any province has to come to borrow its ordinary running revenues from the Dominion of Canada. If the banks of that province are not prepared to take care of it in times of difficulty, I say they are in a sorry position. I do not care what province they are in—

Mr. COWAN (Long Lake): We are in a mighty safe condition.

Mr. STEWART (Edmonton): I believe I have the floor. I will give my hon. friend ample opportunity to say anything he has to say in defence of the government. I say it is an astounding condition when a minister has to make the statement to the House of Commons that out of federal funds—not out of the revenue, because undoubtedly he will have to borrow it—he is going to pay the running expenses of the province of Saskatchewan or any other province. Surely more drastic steps than have so far been taken will have to be taken to prevent such action. I do not know what authority there is for this government to lend money for such purposes.

Mr. LAPOINTE: Peace, order and good government.

Mr. STEWART (Edmonton): But they have not got peace, order and good government. They have not that right at the present time. The statement made by the minister is the most astounding one I have ever heard in this House of Commons. He had said that the government of Canada has had to come to the rescue of a province in order that it may pay its ordinary running expenses.

Mr. VENIOT: And we have to borrow money to do it.

Mr. STEWART (Edmonton): It seems to me if the civil servants of that province cannot get their pay and the banks are not prepared to furnish the money—as they frequently do for provinces in reasonably decent standing—and the federal government has always come to the rescue in connection with interest payments, then that is as far as it should go; indeed, I am bound to say it is farther than it should be called upon to go. Where is this thing going to end? How long is it going to take the government to ruin the credit of Canada, if it continues such practices? We cannot wonder, after hearing the statement just made by the minister, that the government want the extraordinary powers for which they are asking to-night. They will need those powers if we are to come to the rescue and pay the running expenses of various provinces.

Mr. COWAN (Long Lake): My hon. friend comes from Alberta. Alberta is as nice a province as any in the Dominion of Canada. I have no feeling of ill-will in respect to that province, but when the hon. member assails Saskatchewan as he has done to-night he is doing a very great disservice not only to Saskatchewan, but to the dominion as a whole. The province of Saskatchewan, whose legislature is now in session and whose budget was recently brought down, has balanced its budget as well as, if not better than, any other province of the dominion, and is paying her way just as well as any other province.

Mr. STEWART (Edmonton): What does she want with the money, then?

Mr. COWAN (Long Lake): If my hon. friends over there had not thrown 400,000 foreigners into our province and compelled us to build schools for them and educate them and spend millions and millions every year we would be in a much better condition than we are to-day. We have had to spend millions through the blunders of hon. gentlemen opposite. In addition we had the misfortune of this drought, and my hon. friend does not seem to know that that drought was not peculiar to Saskatchewan, that down in the United States 1931 is known as the year of the great drought. He does not seem to know that in thirty-three states of the United States the crops were absolutely wiped out by that drought, and we got only the tail end of it. You could not stop those winds blowing from Arizona at the international boundary; you might as well try to stop hon. gentlemen opposite from speaking—it cannot be done. It burnt up our grain and everything else. We have had that for three years, but that is no reason why hon. gentlemen opposite should assail our credit and denounce our province. You have got millions and millions of dollars' worth of trade out of Saskatchewan and Manitoba and Alberta; we are glad you got

it, and you will get it again—because we buy from Canadians, we do not buy from Yankees as do hon. gentlemen opposite. We have been of far more benefit to eastern Canada than we have ever got from her, and hon. gentlemen had better quit assailing the province of Saskatchewan. If they do not, some of us will turn one of these days, and they will wish they had never spoken.

Mr POWER: In order that the committee may understand the purport of the questions which I was putting to the minister I should like to read into Hansard order in council P.C. 385:

Privy Council, Canada

Certified to be a true copy of a minute of a meeting of the committee of the Privy Council, approved by His Excellency the Governor General on the 4th March, 1933.

The committee of the Privy Council have had before them a report, dated 2nd March, 1933, from the Minister of Finance, submitting that there became due and payable by the province of Saskatchewan to the government of the Dominion of Canada interest on treasury bills submitted as security for loans made under authority of orders in council P.C. 2336, of 19th September, 1931, P.C. 767 of 6th April, 1932, P.C. 789 of 12th April, 1932, P.C. 922 of 25th April, 1932 and P.C. 974 of the 28th April, 1932, passed pursuant to the Unemployment and Farm Relief Act, 1931 and Unemployment and Farm Relief Continuance Act, 1932, the interest on the said treasury bills being as follows:

Interest due, September 9, 1932; amount of treasury bills, $2,000,000; amount of interest, $45,000.

Interest due October 6, 1932; amount of treasury bills, $5,900,000; amount of interest, $148,635.61.

I will ask the minister now if that $5,900,000 is the amount which was advanced to the province of Saskatchewan for what I call running expenses.

Mr. GORDON: That sum would include what has been spoken of as $3,500,000 for governmental purposes, and also moneys advanced the province of Saskatchewan to meet obligations in New York.

Mr. POWER: Anyway that $5,900,000 was partly expended by the province of Saskatchewan, and was granted to the province for the purpose of carrying on its ordinary business?

Mr. GORDON: Undoubtedly.

Mr. POWER: The interest on that was $148,635.61. There was a still further loan due on October 27, 1932, $500,000, and the amount of interest was $13,750, making a total of interest, $207,385.61. I have not before me all the orders in council providing for the advance of money to the province of Saskatchewan, but I take it that since 1931 Saskatchewan has not been able to pay the interest on the loans made to it by the federal government. I make that statement subject to correction, but I take that to be the case. The order in council says:

The minister further submits that the provincial treasurer of the province of Saskatchewan has reported thaat it is impossible, under existing conditions, to pay this interest currently,—

That is, $207,385.

—and he has proposed that treasury bills of the province be accepted in respect of accrued interest.

The minister, therefore, recommends that under the authority of The Relief Act, 1932, the following loans be made to the province of Saskatchewan:

$45,000 on the security of treasury bill of the province dated 9th September, 1932, issued under due authority bearing interest at the rate of 5½ per cent per annum payable half-yearly and maturing the 9th September, 1933.

$148,635.61 on the security of treasury bills of the province for $94,479.44 and $54,156.17, dated 6th October, 1932, issued under due authority bearing interest at the rate of 5½ per cent per annum and maturing the 6th April, 1933.

$13,750 on the security of treasury bill of the province dated 27th October, 1932, issued under due authority bearing interest at the rate of 5½ per cent per annum and maturing 27th April, 1933.

The minister further recommends that authority be granted to the Minister of Finance at his discretion at any time before redemption to assign all or any part of the said treasury bills.

The committee concur in the foregoing recommendations and submit the same for approval.

E. J. Lemaire,
Clerk of the Privy Council.

If this procedure is to be followed the treasury of Canada will be full of these treasury bills. I am not surprised that the Minister of Finance asked the right to assign before redemption, but heaven only knows who is going to take the assignment. I have here copies of other orders in council which appear to deal with the same subject, and I will put them on Hansard if I have occasion as the debate proceeds. The point is that other provinces have perhaps not been able, on account of their lack of revenue, to give the services which the province of Saskatchewan has been able to give to its people. They have perhaps over a period of years stinted themselves in social services and matters of that kind. I submit that since the people in these older provinces are not able out of their means to give these services to their people, they should not be called upon indirectly through their contributions to the federal government to pay for them for prov-

inces which have not as yet curtailed their expenditure, or which during the past have shown no signs of being willing to do so.

Mr. LAPOINTE: May I ask the minister whether advances have been made to other provinces that are in the same position for the purpose of meeting the payment of interest on previous advances?

Mr. GORDON: There are no other provinces that had to call upon the Dominion government for loans for carrying on the services of government. I think the hon. member for Quebec South (Mr. Power) should bear in mind that Saskatchewan probably suffered a tragedy such as no other province in this country suffered in connection with its crops.

Mr. POWER: Did we not provide for that by direct relief?

Mr. GORDON: If hon. members will come one at a time perhaps I can get along a little faster.

At one time this government, with some assistance from the government of Saskatchewan, were actually feeding more than 300,000 people who were absolutely without any crop of any kind. Such a condition in a province like Saskatchewan, with its scattered and comparatively sparse population, naturally reduced the tax-paying population, and unquestionably that brought about the condition which gave rise to the necessity of their receiving help from the federal treasury.

I think we can agree with what the hon. member for Quebec South has said with respect to the necessity for the most rigid control in connection with advances by way of loans to provinces, to other projects, to public corporations or anyone else. The responsibility is certainly upon this government and this parliament to see that the moneys of this country are administered to the best advantage. However, it is a very serious question to decide whether or not any one of the provinces of Canada should be allowed to go bankrupt because of the stress of present times. I think that is a debatable question and I would not care to subscribe to the rigid policy that at a time like this the provinces should not receive some help from the federal treasury to tide them over the present depressing period. These provinces, of their own prompting and of their own volition, have tried to reduce expenditures. I believe they are making very serious reductions in the cost of government and governmental services where that can be done without completely crippling the services. In some instances I believe they are finding that they can get along without services which they thought were indispensable.

Many conferences have been held between this government and those in charge of provincial affairs with a view to seeing if they cannot so fashion their affairs of government that they will bring themselves within their revenues. I do not need to tell the members of the committee how difficult it is for the Dominion of Canada to bring its revenue into equation with its tax collection.

I do not think we should utterly condemn the province of Saskatchewan because they are having to resort to this government for help in carrying on their public services. We must not forget the situation through which this province passed a year ago. No one anticipated anything like that and it has never happened before in western Canada. With respect to its tax-paying people and their capacity to pay, that province was placed in a very difficult position.

I do not think it is quite right for us in this parliament to assume that those in charge of municipalities and provinces throughout Canada are not just as earnest as we are and are not as seized of the necessity for economy. I think it is fair to say that those who have the responsibilities of municipal and provincial government are doing their very utmost. No doubt they will make mistakes, but they are doing their utmost to bring their expenditures within the range of their ability to collect taxes. The situation is not an easy one and I do not think we should utter wholesale condemnations of the provinces of Canada. It is my firm belief that every province, no matter under what form of government it may be, Tory, Grit or Progressive, is putting forth every effort to make its budget balance. Unfortunately in Saskatchewan they were not able to do that and we have helped them out.

Mr. POWER: May I say that I do not want my remarks to be interpreted as being aimed particularly at Saskatchewan. What I am objecting to is the policy of continuously—

Mr. HANBURY: Of this government.

Mr. POWER: I will not say even that. I am objecting to the policy of a great many people, adherents of this government and otherwise, who are endeavouring to support the national credit by giving assistance to the provinces. I will not go as far as my hon. friend on this side and refer distinctly to the policy of this government. I think the time has come when we should put a stop to this practice. We cannot go on giving money to our neighbours when we have not any ourselves. I do not know what deficit we will have to face, we will have to wait until tomorrow to know that. I assume it will be in

the neighbourhood of $60,000,000, $70,000,000, $80,000,000 or $100,000,000, if we are to believe the newspapers. I do not want to take advantage of the Minister of Finance. If he were to say "no" his answer might be interpreted in one way, and if he were to say "yes", it might be interpreted in another. He would be making a premature announcement of his budget. In any case we are in a position where we have no money, where we cannot pay our own debts. Charité bien ordonnée commence chez soi—let us start at home and put our own house in order. When that is done we may be able to hand out a little to our neighbours, to our good friends, to our children or whatever you may call them. We have been advancing considerable money to the wheat pools, to the banks backing the wheat pools, to enterprises such as Beauharnois, to railroads including the Canadian Pacific, and I do not know to what other enterprises. The time has come to tighten up the purse strings.

If it so happens that Saskatchewan has been the first to run short of money and has had to come to the federal government, I do not want my remarks to be taken as reflecting upon the policy of the present government in Saskatchewan or upon the lack of foresight of past administrations. However, I think we should tell them that they must stand upon their own feet. I do not know what their bond issue is, but if they cannot pay more than one per cent interest, they should say to their bondholders: You will get only one per cent interest. That is what every private corporation has had to do, and even the federal government may have to do this if we keep on lending money. With all these guarantees and assistances, we are simply gambling that the depression will be over before it catches up to us. If it is not over within a very few years, it will overtake even the dominion itself.

Mr. SPEAKMAN: There are two or three points which the committee should keep in mind as they relate to facts which must be faced. Speaking of the three prairie provinces there are three facts which must be remembered. First, two of them at least, and to a large extent, Manitoba, are almost wholly dependent upon agriculture for their taxes. The two provinces have practically no source of taxation save agriculture. Indirectly they may tax other people, but the source of the production of wealth is agriculture. Second, any one who is familiar with farm conditions and farm prices must realize that the tax-paying power of the farmer is extremely limited. Only a very small amount of taxes can be paid by the average farmer to-day with prices as they are now, leaving aside the question of crop failure.

The third point to remember is that of fixed capital charges, and as the hon. member for Quebec South has said, it is one which we shall have to face some day. While the farmers are limited to one class of commodities upon which taxation can be levied, their price levels have reached such a point as to limit very considerably their tax-paying powers. Throughout the country the balance between revenue and fixed charges is completely upset at the present time. We find this in the federal government, in the railways and in every business. While revenues are declining, fixed charges remain stationary. The fixed uncontrollable expenditures in the provinces will eat up the greater percentage of the possible taxation. These are facts that cannot be gainsaid, and we may have to consider the suggestion of the hon. member for Quebec South, whether in times like these we may not have to ask the bondholders to bear their share in the general distress. I can easily visualize the time when the total collection of taxes from the provinces wholly dependent on agriculture will barely meet the interest on bonds at the present rate of interest, and there will be a serious question throughout the country whether we shall not have to decide definitely that we cannot pay these rates of interest at a time when public and private revenues have so considerably diminished. During normal times there is a reasonable balance between the different factors that make up expenditures—in private business, between labour, management and capital costs, and in capital between bonds with fixed interest and capital invested in shares of stock. So long as there is a reasonable balance it works well, but in times like these when revenues fall fifty and seventy-five per cent the balance is completely upset if one form of vested capital must remain at a fixed level and must pay its full share, no matter how great the percentage of that share becomes. I can easily see the time when we shall have to summon all our resources to ascertain the best way of meeting the situation in Canada as a whole, and we may have to consider doing what the hon. member for Quebec South has suggested. We must ask ourselves how long we can pay full interest rates when the revenues throughout the country have fallen from fifty to seventy-five per cent.

Mr. MOTHERWELL: Might I have a word to say on this rather sad subject we are discussing? The minister, in explaining the situation in Saskatchewan, rather left the impression that it was due almost wholly to the severity and extent of the drought in 1931, and that the consequent relief that had to be given in that year was the chief cause of Saskatchewan's present financial troubles.

Mr. GORDON: Three successive crop years.

Mr. MOTHERWELL: That was not the situation at all. The Liberal governments that preceded the one now out there gave more in the aggregate for relief purposes during their administration than the present Saskatchewan government ever did in their time. Mr. Gardiner, the former premier, has made that statement on more occasions than one, and it was never contradicted.

Mr. MacMILLAN: That is absolute nonsense.

Mr. MOTHERWELL: It is not. The real trouble was due largely to the vast orgy of road construction entered into by the present Saskatchewan government immediately after coming into power, in 1930 and 1931, with the result that they more than doubled the capital debt of that province. The capital debt when the Liberals left office was $63,000,000, in round figures and a considerable proportion of that debt was revenue producing. It represented money invested in the public telephone system and in the cooperative elevator system, both of which were paying their way.

Some hon. MEMBERS: Oh, oh.

Mr. MOTHERWELL: That puts a different complexion on it and my hon. friends do not like it. I want the committee to make a decided distinction between Saskatchewan as a province and the Saskatchewan government, because we have no more faith in the government there than we have in this one here. I want to set the committee right as to what caused the enormous expansion in the capital debt of Saskatchewan, with consequent loss of credit. It was due largely to the extravagant system of road construction. This admittedly was not confined to Saskatchewan alone nor to this country alone, but it was particularly in evidence in Saskatchewan in the years 1930 and 1931, with the result that instead of a debt of $63,000,000 they have now a debt of nearly $140,000,000. That, I say, puts a different complexion on the matter. The minister did not say anything that was not correct, but he left the impression that the extra indebtedness of Saskatchewan was due almost entirely to the terrible drought of 1931.

[Mr. Speakman.]

Mr. VENIOT: What was the amount of the last loan to the Canadian Pacific Railway, at what rate of interest was it made, and on what terms of payment?

Mr. GORDON: The last loan authorized to the Canadian Pacific Railway was $1,000,000 on December 22, 1932, for the purpose of paying the wages of workmen in connection with shop operations in December, 1932. This loan was to be repaid without interest before any further dividends were declared or paid. Although authorized, the money has not yet been paid to the Canadian Pacific Railway.

Mr. VENIOT: What was the rate of interest?

Mr. GORDON: No interest.

Mr. MacMILLAN: I am surprised to-night at some of the remarks of hon. gentlemen opposite. I find myself in agreement to some extent with the hon. member for Quebec-South, but having listened in this house in the past year to members opposite from my province maligning this government and directing all sorts of scurrilous remarks to them because they did not spend more money in Saskatchewan in connection with the distressing conditions that have existed there, I am surprised to-night to hear them bewailing the fact that the government have spent as much as they have because they found such a condition of affairs in that province as required assistance to help them meet the interest on their bonded indebtedness. My hon. friend from Melville says that the previous provincial government spent more in relief there than the present government has done. Anyone who lives in the province of Saskatchewan—the hon. member will be confronted with his statement when he goes there—knows that what he says is the most ridiculous nonsense. No one knows better than he does that there was never a time in that province when agriculture has had to contend with the problems that have faced it in the past three years. There never was a time in any part of Canada when seventy-six rural municipalities had no crop for three years in succession. As my hon. friend down in the left corner has said, agricultural commodities command a very low price to-day. If you take that situation, coupled with the seventy-five municipalities that have been drought-stricken for three years, you will find

that the taxable capacity of the province is strained to the uttermost. I want to congratulate the government and the minister in that province for this year coming within $1,000,000 of balancing the budget. Having regard to the steps which they have taken, I am satisfied that they will balance their budget this year.

Mr. CASGRAIN: With federal money.

Mr. MacMILLAN: Federal money has nothing to do with the question of balancing their budget. The federal government, however, I recall, handed out money when a great catastrophe took place in one of the eastern provinces, I think in St. John or Halifax. When a great explosion occurred there, the government handed out hundreds of thousands of dollars to help the people. Nevertheless hon. gentlemen opposite deny Saskatchewan, a new province populated with newcomers, as has been said here tonight, the right to ask parliament for assistance when it needs it so greatly. Is there an hon. member from Saskatchewan who will deny that province the right to ask the federal parliament for assistance? To do so would be grossly unfair. If hon. members opposite were to visit that province and give utterance there to some of the remarks that have been made here in connection with this matter, I do not think they would be very well received.

Mr. MOTHERWELL: It is scarcely necessary for me to repeat what I said, but after what the hon. member for Saskatoon has stated, lest I may not have been quite understood, I shall repeat that part of it where I stated that the aggregate spent by previous Liberal governments in Saskatchewan, prior to this present Saskatchewan government coming into power, was more than the total that this government has spent even during 1931 when the expenditure was tremendous, I admit.

Mr. ROWE: How many years?

Mr. MOTHERWELL: Twenty-four years, but much of it was not called relief; it was called seed grain advances in many cases and relief road work in many others. But this government has charged everything up to relief, including seed grain advances. That is the reason they make the aggregate for this government very big and relatively small for previous Liberal administrations. My figures stand uncontradicted, and my hon. friend from Saskatoon can look them up and not trust to memory, particularly as he never knew anything about the matter anyway. My statement is correct and I have no desire to aggravate the situation. I do not want the hon. member for Saskatoon to put us in the position of complaining about the money that has been spent there by the present government. I am only trying to correct the impression that the present serious financial situation in Saskatchewan is due to the enormous amount of relief necessary in 1931 and the year following. It was partly due to that, but the great difficulty was the vast sums spent on road work the first two years after the present provincial government came into power. I have already made an extenuating remark, that not only were they guilty of that but other provinces and other countries were as well. I think I went far enough to let the Saskatchewan government down a little in this respect—at any rate as far as I intend to go.

Mr. MacMILLAN: My hon. friend states that previous governments have spent in Saskatchewan more in relief than has been spent by this government in that province or by that province in the past three years. If that is so, it is amazing that hon. gentlemen opposite now object to the government helping out the province, having regard to the situation in which it has found itself in the past three years. My hon. friend is bragging about the money that the Liberal government spent in past years. Now he is saying that this government, because it has lent that province a few million dollars to tide it over the present situation, should be criticized for doing so. My hon. friend also stated that the Saskatchewan government had been responsible for spending millions of dollars extravagantly. He mentioned roads. They spent $10,000,000 on roads in that province. That was on an all-weather highway. Prior to the time the present provincial government came in, that province had no all-weather highway. Further, as my hon. friend well knows, the wheat pool in that province cost this government in the neighbourhood of $15,000,000. My hon. friend used to brag a great deal about the cooperative creameries in that province; indeed, I think he was their father and mother both. My hon. friend in his time established cooperative creameries, political creameries, all over that province, but they were closed up even during his own time. I would like to suggest that he be at least gracious enough to give us some credit on this side for endeavouring to help out Saskatchewan in the distressing situation which at present exists there.

Mr. MOTHERWELL: We shall have to admit charitably that the hon. member for Saskatoon knows more about these questions than anybody else in Saskatchewan. Perhaps that will satisfy him.

Mr. KENNEDY (Peace River): I am very much interested in this discussion, and I should like to remind the committee that western Canada is having difficulties to-day—

An hon. MEMBER: So are we all.

Mr. KENNEDY (Peace River):—but western Canada has been taxed by the customs tariff for twenty-five years for the support of industries in Ontario and Quebec, and it is shortsighted policy to start now—

Mr. McPHEE: The hon. member voted for that too.

Mr. LAPOINTE: When increases were made, the hon. member voted for them.

Mr. KENNEDY (Peace River): I did not.

Mr. LAPOINTE: The hon. member supported the government.

Mr. KENNEDY (Peace River): The present government at least has this to its credit, that it is trying to-day by these methods to equalize in some respects the burdens that have been placed upon the people as a result of tariffs. I do not agree with the high tariff policy of the present government, and I do not agree with the tariff policy of the Liberal party that went to the country promising low tariffs and did not give them. If tariff is good when it is working against the farmer, it is reasonable to say in this time of depression that agriculture and the agricultural provinces ought to be helped by direct grant. That is my point and the only one I wish to make. Whether we like the situation of not, whether it is just or not, we know it is generally admitted that the depression throughout the world has struck agriculture in a way that it has not touched other industries. I think it is agreed that agriculture has received the full force of the worldwide depression, and if the agricultural provinces go down, the rest will go down with them. The hon. member for Quebec South was speaking to-day about certain provincial industries and so forth that got financial support from the government, not being able to pay the interest. What about the port of Quebec? Did it ever get advances on which it did not pay interest? Did we complain about this?— We did not; at least I did not.

Mr. CASGRAIN: It is the gateway of Canada.

Mr. KENNEDY (Peace River): I am exceedingly glad that the government in office, while its policy is not in accordance with that of hon. gentleman to my right, has at least tried during these very difficult times to face the facts and to give these grants so as to enable the western provinces, which have been so severely hit by the depression, to carry on. What is the condition of agriculture? Western agriculture is producing and selling products for fifty per cent of the cost of production.

Mr. LAPOINTE: The same situation exists in the east.

Mr. KENNEDY (Peace River): Not the extreme east, but Ontario and Quebec have been bonused by the customs tariff for the last forty or fifty years to a greater extent than the western provinces have been assisted by the Dominion government.

Mr. EULER: Nobody seems to be taking up the cudgels for the poor old province of Ontario, so I might say a word. As a matter of fact Ontario pays more taxes than any other province of this dominion, and we have not said anything about it. We said nothing when $50,000,000 was wasted on the Hudson Bay railway for the benefit of our western farmers. I imagine that the amount of money that has been lost in the construction of the Hudson Bay railway and in the construction and operation of branch lines in western Canada is a great deal more than was ever paid by our western friends in customs tariffs. So much for the province of Ontario.

I would like to support what my hon. friend from Quebec South has said. I believe he is on the right track; it is about time that we called a halt in more ways than one. The other day in the banking and commerce committee it was shown that the debt of the dominion, including the railway debt, is no less than $3,700,000,000. The dominion is already carrying a pretty heavy load without carrying the load of the provinces. I was amazed, as was the hon. member for West Edmonton, when the minister stated that we are actually advancing to Saskatchewan moneys for the carrying on of the ordinary business of that province. I have a good deal of sympathy for the people of Saskatchewan. They are in the unfortunate position of getting very low prices for their products, but the same is true of Ontario and Quebec.

The farmers of Ontario are not getting any more for their products than the farmers of western Canada; our manufacturers have their factories closed and their work people idle, and we have to support these people out of the taxes. It is a pretty heavy burden for Ontario without this province having to join in and help pay the ordinary running expenses of a western province.

I rose to make one suggestion which perhaps will not be received with any great deal of favour, but which I consider a very practical one. If these western provinces find it so difficult to get along and cannot raise the necessary revenues, would it not be a good idea if they cut out some of the cost of government by uniting the three prairie provinces into one, and have one government and one parliament.

Mr. MITCHELL: It is pretty evident to me that the government are so busy bailing out the ship that they have not the time to steer it. I want to make this very practical suggestion. Our present difficulties have been brought about by the fall in the price level, and unless you can bring the price level back to where it was in 1928 or 1929, you cannot continue to meet these enormous obligations. Make no mistake about that.

Mr. COWAN (Port Arthur): How are you going to do it?

Mr. MITCHELL: That is your job. But in all fairness I can say this, that the child was not left on the doorstep of the government, they went out and brought it home. I believe that the contention of the hon. member for Quebec South is a sound one, and that the duty of the federal government is to see that no man, woman or child in this dominion suffers from the effects of this depression. Arising out of this discussion I would say that the sooner the government tackles the debt situation in this country in a practical way, the better it will be for the dominion. I believe that that is a far more important problem than any other that has come before this parliament since I have been here. Hon. members may laugh. They may have been here longer than I have, but probably they have not thought as much or seen as much. The sooner we tackle the debt question in this country and take action similar to what was taken in Australia and New Zealand, the better it will be for the country. Perhaps it might be better so far as the provinces are concerned, and their ordinary obligations, to let them go to the wall, if you wish.

Mr. CHAPLIN: Did they do that in Australia?

Mr. MITCHELL: No. I can tell you what they did in Australia.

Mr. CHAPLIN: You wanted us to do something similar to what they did in Australia.

Mr. MITCHELL: I said, unless you did what they did in Australia. The crux of the situation is this: I do not think that you can carry on the obligations of these provinces. I believe that we should adopt the very practical suggestion that was made by the recent preparatory commission of the League of Nations on the forthcoming monetary and economic conference. They recommended that the debt question should be dealt with first within our own boundaries, and we might get together the bondholders of the provinces which are in difficulty and get them to agree to a reduction in the interest rates. The capitalist system, if you like to call it that, works very well until you come to state debts, and in times of a depression the weak sisters are shaken off. Private industry may recapitalize and reorganize, but the state debt remains fixed, and you have to work out some technique for taking care of it. I am of the opinion that the price level is not coming back to where it was in 1928 and 1929, and I believe that this government should meet the debt situation along lines similar to those taken in Australia.

Mr. HEENAN: My hon. friends opposite have brought this discussion upon themselves. The hon. member for Long Lake tried to leave on the doorstep of the Liberal government the responsibility for present conditions because he said it had brought out too many immigrants. My hon. friend from Peace River laid most of the blame on the customs tariff. Everyone will remember that during the session of 1930 the Conservatives, then sitting on this side of the house told of the desperate condition in which they said this country was at that time. I want the hon. member for Long Lake to listen to what Premier Anderson of Saskatchewan was saying of the province of Saskatchewan at that time. He said:

> The settling of our vacant farm lands and the development of industries are reacting favourably upon the growth of our urban centres. The population of some of our larger cities has increased fifty per cent in the last three years. Since January 1st of this year the total value of building permits issued for

construction work in the province amounted to $34,000,000 as compared with $20,000,000 for the year 1928.

The future progress of Saskatchewan rests upon the firm foundation of the productive effort of our people, aided by discriminating immigration policy. Capital from eastern Canada and the British Isles is increasingly available for the development of our natural resources. The achievements of the past have been considerable. We have merely scratched the surface of our vast resources, however, and there is every indication that the future holds in store tremendous possibilities for the people of Saskatchewan.

It was at the time that Premier Anderson was making that statement that the Conservatives, then sitting on this side of the house, were crying blue ruin in this country, and were ringing the deathknell of the western provinces and the rest of Canada.

As mention has been made of the three western provinces, it might be interesting to see what the premier of Manitoba said about the same time. Speaking on January 14, 1930, Premier John Bracken of Manitoba said:

It is a common belief that Manitoba is a purely agricultural province. It is true that agriculture is still her chief means of maintenance, but during recent years other industries have grown and prospered until to-day the annual value of their gross output closely rivals that of farm products. The year 1929 has seen substantial progress in that direction. During the past year thirty-six new manufacturing concerns have been established in Manitoba, while twenty-two others have extended their plants. It seems certain the total output will substantially exceed that of 1928, which was estimated at $159,252,000.

And then Premier Brownlee of Alberta issued the following statement on January 14, 1930:

At the end of another year the province of Alberta finds itself in a strong financial position. At the end of March, 1929, the fourth successive surplus was reported. The surpluses for the past four years have been as follows:

1925	$ 188,019 54
1926	17,800 53

For the fifteen months ending March 31:

1928	$ 279,763 13
1929	1,578,823 09

Therefore we face the end of the year in a spirit of confident optimism, believing that the next few years, at least, will be years of continued development, both agriculturally and industrially.

Hon. members will note that the premier of Saskatchewan was lauding the fact that through the immigration policy of the then Liberal government the population in urban centres had been doubled, and that he had great hopes for the future. The premiers in the other two prairie provinces made similar statements. It ill behooves the hon. member for Long Lake or any other hon. member to decry a policy that the premier of Saskatchewan endorsed at that time.

Mr. GORDON: The premier referred to a selective immigration policy.

Mr. HEENAN: No he did not.

Mr. GORDON: Yes, I believe that is the language he used.

Mr. HEENAN: I did not read that; I said "discriminating".

Mr. GORDON: No one complains about that.

Mr. HEENAN: I am prepared to vote any sum for relief in Saskatchewan or any other province, but when an hon. member of the party which went out and made the promise in 1930 to blast its way into the markets of the world and to guarantee higher prices for produce, makes a complaint, I say to him that he is getting only his just due.

Mr. COWAN (Long Lake): The hon. member suggested that the premier of Saskatchewan had advocated a discriminating policy. I should like to ask the hon. member whether, when his party was in power, he considered he was developing a discriminating immigration policy when he was instrumental in importing thousands of Doukhobors, naked men and women who paraded up and down the concessions, raising Cain and doing all sorts of things. Is that the type of immigration policy the hon. member likes?

The CHAIRMAN (Mr. Pettit): May I remind hon. members that the speeches in committee of the whole must be strictly relevant to the matter under consideration.

Mr. MACKENZIE KING: This resolution covers everything.

The CHAIRMAN (Mr. Pettit): It seems to me hon. members have been wandering far afield, and I must ask them to confine their remarks more strictly to the resolution before us.

Mr. POWER: I was discussing orders in council passed under relief legislation.

The CHAIRMAN (Mr. Pettit): A certain amount of latitude is permissible.

Mr. LAPOINTE: But no longitude.

Mr. MACKENZIE KING: We have before us a resolution which gives the government a blank cheque, authority to spend any sum it wishes. If the amendment proposed

this afternoon is adopted, the government will have authority to pass orders in council in connection with any matter. The discussion cannot be too wide, because the resolution covers everything.

Mr. LAPOINTE: Yes, everything.

Mr. QUINN: What about the fourteen points?

Mr. LAPOINTE: Seventy-five points.

Mr. HEENAN: We should have wide enough powers of discussion to cover the Doukhobors in Saskatchewan.

Mr. POWER: The night shirts.

Mr. HEENAN: I must tell the hon. member for Long Lake that not one Doukhobor came in at the time Premier Anderson made that statement.

Mr. NEILL: At 4.45 this afternoon I asked the minister a couple of simple and practical questions, and in his kindly graciousness he said he would answer me later on. That is six hours ago. I have waited with patience and faith, that faith that laughs at impossibilities, but have received no reply. I am quite sure the minister would not wish the resolution to pass without first having given me that information.

Mr. QUINN: He has not had a chance to get a word in.

The CHAIRMAN (Mr. Pettit): Shall the resolution carry?

Mr. NEILL: No; I think in all fairness the minister should reply to the questions to which he promised an answer six hours ago.

Mr. GORDON: I have no recollection of promising anything six hours ago.

Mr. CASGRAIN: It is the policy of the government not to remember promises.

Mr. GORDON: What are the questions? Would the hon. member ask them now?

Mr. NEILL: I should be happy to do so. One was this: Whereas it has been the policy of the minister's department to pay one-third of the direct relief moneys, the provinces and the cities paying one third each, and in unorganized territories to pay one-half the amount, the province paying the other half, would he adopt the same policy in connection with the land settlement scheme where, in the present instance, covering people leaving a city, the dominion pays $200, the city $200 and the municipality $200, but in cases which are now beginning to be developed, where people not living in towns but in unorganized territories want to go on the land. In such cases would he apply the same principle of the dominion government paying one-half? There is the precedent I have quoted for that procedure, and I am wondering if he could see his way clear to do it.

My second question is: Whereas the Dominion government does come to the rescue of provinces when they are short of money, not only putting up the dominion's third, but also lending the province its third—when they cannot pay their share themselves—so far as British Columbia is concerned, would he adopt the same policy in connection with the land settlement scheme? This afternoon I quoted from a letter from a man in British Columbia living in an unorganized territory who had applied to the British Columbia land settlement scheme committee and had been told that all parties had agreed to the system being applied to unorganized territory but that they had no money to carry out their share. I ask the minister if under the circumstances he could not see his way clear to lend British Columbia its share, the same as he did in connection with direct relief.

While I am on my feet, and so that the minister will be able to cover the whole at once, I would remind him that I suggested this afternoon that the Prime Minister might give us a statement in regard to unemployment insurance, which certainly has a very direct bearing on this subject. As the Prime Minister is not present, perhaps the minister, in whose department it comes, might be able to give us a short statement as to the situation in that regard, having in mind what took place here last November, when we received a definite pledge that the utmost effort would be made to come to an agreement with the provinces. I am quite sure that the house and the country would like to know what the situation is in that regard, and what the prospects are, if any, of an unemployment insurance measure being brought down to this house either at this session or at a future session.

Mr. GORDON: Probably I can deal with both questions at the same time. The policy of the Dominion government with respect to diverting some of the direct relief moneys to non-recoverable advances for settling people from the urban centres on the land, the open spaces of Canada, at no time was thought to be a complete solution for unemployment, as

I have often heard said by those who probably have never followed the subject. It is not sanity to think it. But some people, even in high places, sometimes say that, and then ridicule the government for so pale an effort in connection with unemployment. That was not the situation at all. The situation was simply this; in the fall of 1930 when I was charged with the responsibility of administering the Department of Immigration and Colonization, I could only apply to that department the experience I had had in private life and the observations I had made almost ever since I can remember with respect to what was being done in connection with immigration and colonization in Canada. I have no hesitation in telling hon. members of this house that, rightly or wrongly—I may be quite wrong—I never was in favour of the immigration policies of the past of this country. Others may take a different view—

An hon. MEMBER: What about your chief?

Mr. GORDON: —but that always has been my view, and down through the years since I was a very young man I have often asked people who I thought could answer the question: Why did we project two or three transcontinental railways, with their ancillary branch lines and the rest? I am still asking the question and waiting for an answer, particularly in the light of what we are facing to-day and have been for some years past. This question of land settlement and colonization becomes a very important thing to-day, much more important than it has ever been in the history of Canada, for two outstanding reasons. The first is that because of the extension of railroad services in this country in the past by those who were sometimes called pioneers and nation-builders—I would call them something else; I always have—we find ourselves burdened with railroad services sufficient for our needs for probably fifty years to come. I do not think I am exaggerating. What did we do to try to keep up with that expansion? Successive governments since the early years of this century have gone to all lengths to take anybody from anywhere who would come to Canada, in order, I assume, to provide revenues to pay for those railways. There was no selective immigration. If anyone cares to expand the subject I will meet him at any place at any time and I think I can show the kind of immigration we had. Do not misunderstand me; there are in Canada tens of thousands of splendid people from foreign lands, and they have my sympathy, on this ground if on no other, that by reason of the fact that there was no discrimination, no selection, their whole race is damned in the eyes of Canadians because of the extreme actions of a few.

What do we find? On the one hand, if we are ever going to overtake even a part of our railroad debt, we must of necessity have more people in our country. For my own part I would have been immensely happy if we had not had all those railroads. On one occasion the last words of Right Hon. Stanley Baldwin, then Prime Minister of Great Britain, when leaving this country, if I recollect aright, were "Canada, go slow." That is the position that confronts us. That is the position that confronted me in the fall of 1930. Right up to the 28th of July, 1930, there were at least three full trainloads of people a week on the Temiskaming and Northern Ontario railway, and other trainloads on the Grand Trunk Pacific and the Canadian Pacific, going into western Canada—59,000 in the four months prior to July 28, 1930. Those people were not settled on the land. We are feeding them to-day. I will hazard the opinion that we are feeding nine-tenths of them. And in the years before that the immigrants being brought in were not absorbed into agriculture. They were intended to be, but were they? Go to our lumber camps; go to the cities and the industries there, and see where our immigration went. That, combined with the attractions of industrial life, has caused the reversal of the ratio from 18 per cent urban forty-five years ago to 54 per cent urban to-day. That is the reason, or the main reason, for our present disproportionate city population.

Apart altogether from the money spent on soldier settlement and United Kingdom special settlement schemes, this country in its immigration department spent in the eleven years prior to 1930 over $33,000,000. Doing what? Administering the department with respect to people coming into Canada from other lands. It was my considered view in the fall of 1930 that this government had on its hands the job of starting to colonize at home; that if any money was to be devoted to colonization it should be devoted to replacing on the land our own people who had departed from the farms and found themselves without jobs in the cities. That policy was consistently followed, and it is being followed to-day. Almost 100,000 people have been induced, directed, guided and inspired to go back to the farms, under the schemes inaugurated by this government with the very valuable assistance of the provinces and the railway companies. I have heard in this house criticisms of the colonization schemes of the government of the province of Quebec, and while I have

the utmost respect for the hon. member for Témiscouata (Mr. Pouliot) I do not think for one moment that he has a sound conception of the earnestness with which the government even in the province of Quebec are pursuing their colonization policy.

Mr. LAPOINTE: Why "even" in the province of Quebec? Why the word "even"?

Mr. GORDON: If my recollection serves me correctly and my hearing is right, the hon. member for Témiscouata directed his barrage against the province of Quebec.

Mr. LAPOINTE: But why should the hon. gentleman say "even in the province of Quebec"?

Mr. GORDON: I think I have a fair conception of my French Canadian fellow citizens. During all my business life I have lived with them and I am happy to say that my relationships have always been of the best and I think they will continue to be of the best. I know the former Minister of Justice was in my riding during the last election, he created a very favourable impression, nevertheless his compatriots voted for me.

We are pursuing that policy and we intend to pursue it. I will subscribe to a state-aided colonization plan only as a last resort. It may be that we will have to do that in order to fill up our vacant places and get our people into some sort of security which will be founded upon a return to something more nearly approaching normal in price levels. I am not unmindful of the situation, but the policy which I have outlined will be pursued.

We have found that we have almost entirely exhausted the number of people who formerly had been on farms. In ninety-nine cases out of one hundred the success of a back to the land movement depends upon getting those who understand farming. There is no use in sending a lawyer out on a farm, although it is said that a lawyer can make a living almost anywhere. One hon. member referred to a newspaper reporter who had gone up to northern Ontario to farm, but that man should never have gone there. He should have gone to Norval school or some such place to take up some farm training, and then gone on a farm. That is not the way we approach this subject. We have committees set up throughout Canada for the purpose of making selections and seeing that family conditions are what they should be. These committees find out if the wives want to go back on the farm, if the men understand the problems to be tackled in going on the land, and such things. We reject many more than we approve, but we finally came to the time when we had exhausted that class of person who had some money to go back on the land, often times to the old homestead, but who saw his savings dwindling in the city. The landlord had to be paid, taxes, water rates and electric light bills had to be met, and so on. These men were approached with the idea of getting them started without having a burden of debt to bear. Whether or not a man is a farmer, if he starts in a new business with a burden of debt he has to be very fortunate to get rid of that burden and place himself in the clear. I know that from my own business experience.

We went over the situation again with a view to endeavouring to assist people who were in the cities and in receipt of direct relief. We were considering those who were physically able, who had been on farms, who did not want to be upon direct relief and who were willing and ready to go back to farms if they were assisted. This proposition was put up to the provinces. We did not urge or ask them to accept it; we simply said: There are a number of people who will take advantage of this and perhaps it will be helpful in solving the general difficulty. Every person placed upon the land relieves an industrial worker who does not know anything about farming.

The reason for making the contribution three ways was adequately borne out by the subsequent experience. It got noised about that there was $600 of the government money ready for anyone who wanted to come and get it. We were simply swamped; everybody wanted to go and they wanted to start with $600. We did not suppose that that was going to happen, and we took a survey, if you like to call it that, of those who were on relief but who were able to go on the land and earn their own sustenance. We then capitalized what we felt we would have to pay in direct relief and made it a non-recoverable advance under the agreement. The various provinces and the municipalities who were also contributing to direct relief were invited to subscribe one-third each. If we were successful in placing these people permanently upon the land we were not one penny out. We would have had to pay it in direct relief anyway and we were just that much further ahead. That was the underlying principle. If the municipality was not asked to contribute anything it is quite likely that every one on direct relief in the municipality would be passed by the municipality in order to get away from its responsibility, whereas if the municipality has to bear its share of the burden with the chance that the person will become self-sustaining on a farm adjacent to or far away from the muni-

cipality, it benefits in the end by not having to carry that person on direct relief for a longer period than $200 would cover.

Mr. NEILL: But where there is no municipality.

Mr. GORDON: I do not propose, at this time at least, to recommend that the provinces and municipalities subscribe to placing people who are already out in the open spaces of this country upon the land.

Mr. NEILL: The dominion and the provinces?

Mr. GORDON: I suppose the hon. member means that the dominion and the province shall share equally in the establishment of some person who is now out in an unorganized part of Canada?

Mr. NEILL: Yes.

Mr. GORDON: I would not care to embark at the present time upon a policy of that kind.

Progress reported.

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

Tuesday, March 21, 1933

The house met at three o'clock.

PRIVILEGE—MR. POULIOT

Mr. JEAN FRANCOIS POULIOT (Témiscouata): Rising to a matter of privilege, Mr. Speaker, the Minister of Labour (Mr. Gordon) stated yesterday, as reported at page 3203 of Hansard:

> If my recollection serves me correctly, and my hearing is right, the hon. member for Témiscouata directed his barrage against the province of Quebec.

The hearing of the hon. gentleman may be correct and his recollection may serve him correctly, but his understanding was very poor because I did not direct any barrage against my own province, which I love as much as my country and for which I am always fighting.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. EDGAR N. RHODES (Minister of Finance) moved:

> That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

He said: Mr. Speaker, in moving that you do now leave the chair to enable the house

to resolve itself into committee of ways and means to enable supply to be granted to His Majesty for the fiscal year ending March 31, 1934, it is proposed to discuss the year's financial operations under the five headings followed in the last budget, namely:

1. A short review of world economic conditions;
2. Canada's trade and commerce and financial conditions in Canada;
3. The financial operations and accounts of the dominion for the year ending March 31, 1933, and, as the fiscal year has not yet closed, the transactions still to take place have been estimated as closely as possible;
4. The estimated revenue and expenditure for the year 1933-34;
5. Ways and means to secure the revenue required to meet the estimated expenditure.

World Economic Conditions

When the budget was presented one year ago, a world financial storm of unprecedented severity was still in progress. It had started, you will recall, in Austria in the spring of 1931 and had passed from one country to another, crippling financial institutions and generally dislocating the machinery of finance and trade. Before the end of September, England had been forced off the gold standard and her example was soon followed by a score or more of other countries. With few exceptions, all countries felt it necessary to institute exchange controls or impose additional restrictions on trade, in order to protect the value of their currencies and to safeguard themselves against unfair competition arising out of depreciated exchanges.

As a result of these conditions, the international exchange of goods tended to become more and more restricted; the world level of prices, particularly the prices of primary products and the staple exports of debtor countries, became subject to intolerable pressure; and the forces making for declining business activity and increasing unemployment were reinforced.

The United States was perhaps the last important country to feel the full force of the financial storm. During the winter of 1931-32, its banking system was subject to a double strain; foreign individuals and institutions with balances in the New York money market repatriated these balances or earmarked gold against them, while domestic depositors, distrustful of the solvency of their banking institutions, withdrew deposits. The inevitable result was the failure of thousands of small unit banks, heavy depreciation in the value of securities thrown upon the investment market, falling commodity prices and a

vicious spiral of deflation. To counteract this movement, a program designed to create an expansion of credit was instituted, involving chiefly the formation of the Reconstruction Finance Corporation, the liberalization of banking legislation and extensive open market purchases of government securities by the Federal Reserve banks. By midsummer the processes of disintegration appeared to have been effectively checked.

Up to this period, world commodity prices had been falling and business activity steadily shrinking. Even in England, departure from the gold standard had brought only temporary inflation and the level of wholesale prices had been declining since November. In June or July, however, prices turned upward in both England and the United States, and industrial production showed a similar upswing. In June, the Lausanne conference, somewhat to the surprise of the world, reached a provisional settlement of the reparations problem. While the European nations made their acceptance of the agreement conditional upon similar action being taken by the United States with respect to war debts, this conference had all the promise of marking a real beginning of international co-operation, through which the hopeless tangle of reparations, debts, tariffs, armaments and unstable currencies might be solved by international action. In July-August, the Ottawa conference, to the accomplishments of which further reference will be made a little later, succeeded in effecting a measurable relaxation of trade restrictions within the huge trading area of the British Empire, and pointed the way to similar action on a broader scale. These developments in the international sphere created an atmosphere favourable to business recovery.

During the summer also Great Britain carried through a highly successful conversion operation, reducing the rate of interest from 5 to 3½ per cent on over two billion pounds of callable public debt. This was made possible by a condition of extraordinary ease in the money market, symbolized by successive reductions of the Bank of England rate from 6 to 2 per cent and by the sale of Treasury bills at the record low rate of ⅜ of one per cent. Somewhat similar conditions prevailed in other leading money markets of the world. In the security markets, prices rose rapidly, particularly for high-grade bonds. Low money rates are traditionally regarded as the chief prerequisite to and as the forerunner of business recovery. It was not unnatural therefore that confidence began to return. Indeed, the third quarter of 1932 was a period of noticeable improvement in world industry and in business sentiment.

But the improvement was not maintained, and since last October world trade, industrial production and wholesale prices have once more tended downwards. In the renewal of the decline, the failure of the war debt negotiations has been an important, though not the sole, factor. During the last few weeks, there has been a recurrence of banking troubles in the great country to the south of us, and new clouds have appeared on the political horizon in Europe. On the significance of this banking crisis and these new political disturbances, it is not necessary for me to comment. But I do wish to warn against too gloomy an interpretation of current happenings. Events that may seem well-nigh disastrous in themselves may nevertheless be necessary to effect some of the radical changes in public attitudes and national policies which will make possible a fundamental and permanent solution of the difficulties which beset the world.

There are those who decry the possibility of an international solution and who insist that we should seek remedies at home for present conditions. I do not wish to minimize the difficulties and delays which are involved in any program based on international agreement, or to overlook the plain duty which rests upon every nation to keep its own house in order and to strive to the utmost by domestic action to accelerate the processes of business recovery. However, one cannot fail to observe that the present crisis is international, both in its causes and its effects, and that the remedy must be sought in international understanding and co-operation. Slowly, but nevertheless surely, the world is approaching full realization of the fact that the day of national self-sufficiency is past, that an international disease can only be cured by an international remedy.

Therefore, I look forward hopefully to the World Economic and Monetary conference which is expected to meet in London in the near future, and to which we propose to give our whole-hearted support. Members of this house have already had an opportunity of studying the agenda of that conference prepared by an able committee of experts. I am hopeful that on the basis of this agenda a program can be worked out for the relaxation of exchange controls and other excessive restrictions on international trade, for the stabilization of currencies, and for the stimulation of a rise in the world level of wholesale prices. The success of this conference assumes a prior or simultaneous settlement of the war debt question and some appeasement of political fears and rivalries as a result of progress in disarmament discussions

or otherwise. If these prerequisite conditions can be achieved, it should be possible to reach agreement upon a program which would be effective in restoring world confidence and initiating an early recovery of business activity. The world has this solution within its grasp and in my opinion there is no other—short of prolonged and painful liquidation, if this indeed can be called a solution. Events are moving rapidly, driven by the urge of economic necessity. On this fact may rest the basis for a greater degree of optimism than has obtained in many months.

As foreign trade plays a dominant role in Canada's economy, it follows that the world conditions which have just been outlined, have inevitably been reflected in business conditions within this country. The course of industrial production and the physical volume of business in Canada has followed very closely that of the other leading countries. Fortunately, since the first of the year, there has been a moderate improvement in wheat prices and those who are usually well-informed are hopeful that this improvement will be sustained. I do not need to emphasize that if this rise in wheat prices can be sustained and carried farther, no other single development could be of more importance in stimulating business recovery and reviving a spirit of confidence.

Trade of Canada

Reference has been made to the factors which have contributed to a further decline in world trade, including lower commodity prices, reduction in purchasing power of many of our principal markets due to unfavourable exchange conditions and the widespread application of import restrictions. It is a matter of satisfaction that relatively the position of Canada among the great trading nations has been so well maintained. In 1932, Canada again ranked fifth, after having been seventh in 1931. An examination of the statistics also reveals that the loss in dollar value of total trade in 1932 was proportionally not so great for Canada as for other important trading countries. The soundness of our financial policy, and the beneficial effect of trade agreements, particularly those concluded with empire countries, have contributed to this result.

The following is a statement of Canada's foreign trade for the first eleven months of this fiscal year, as compared with the same period in 1931-32:

Trade of Canada
(000 omitted)

	Eleven months ended Feb. 29—1932	Eleven months ended Feb. 28—1933	Decrease
Imports	$ 521,056	$373,421	$147,635
Exports—			
Canadian produce	536,595	437,329	99,266
Foreign produce	9,952	6,332	3,620
Total	$1,067,603	$817,082	$250,521

It will be observed that the value of the exports of Canadian produce has declined to a lesser extent than the value of imports. Indeed, when the lower prices of the leading Canadian export commodities are taken into consideration, there will be found to have been very little reduction in the actual volume of exports.

It is also noteworthy that, despite the unfavourable conditions which have prevailed, there has been a progressive improvement in the balance of trade. In the first eleven months of this fiscal year, ended February 28, the excess of exports over imports was $70,240,000 which is a remarkable showing as compared with a favourable balance of $25,490,000 in the corresponding period of the previous year, and a complete reversal of the position in the eleven months ended February 28, 1931, when our trade showed an unfavourable balance of $70,524,000. Comparative figures are as follows:

Trade of Canada
(000 omitted)

Eleven months ended—	Imports	Exports	Balance
February 28,1931	$831,232	$760,708	(—) $70,524
February 29, 1932	521,056	546,547	(+) 25,491
February 28, 1933	373,421	443,661	(+) 70,240

Although the tariff agreements arising out of the Imperial Economic Conference have been in force only a few months and their advantages are not yet fully reflected in the trade statistics, significant developments of the utmost importance to our trade with empire countries are indicated.

In the ten months ended January, 1933, (the latest date for which trade statistics by countries are available), Canada's exports to various parts of the empire were slightly greater than in the same period in 1932, and to the United Kingdom had increased by some seven million dollars. In addition, the decline in empire imports was much less, relatively, than in respect of non-empire imports. Trade totals reflecting the inter-empire movement of goods are as follows:

Inter-Empire Trade of Canada

	Ten months ended January 31, 1932	Ten months ended January 31, 1933
Imports from United Kingdom	$ 87,509,816	$ 73,629,042
Exports to United Kingdom	153,776,204	160,610,678
Imports from British Empire	122,448,561	101,939,909
Exports to British Empire	192,824,941	193,115,066

When expressed as percentages of total trade, these figures clearly indicate the trend towards increased trade with empire countries. In the ten months ended January 31, 1933, imports from the British Empire were 29·13 per cent of total trade, as compared with 25·23 per cent for the previous corresponding period. Exports to empire countries in the same period were 46·34 per cent of total trade, as compared with 37·84 per cent formerly.

The percentage distribution of Canada's trade is shown in the following statement:

	Imports Ten months ended January 31		Exports Ten months ended January 31	
	1932 %	1933 %	1932 %	1933 %
United Kingdom	18.03	21.04	30.02	38.54
British Empire	25.23	29.13	37.84	46.34
United States	60.77	57.22	41.54	30.89
Other countries	14.00	13.65	20.62	22.77

In imports from the United Kingdom, the chief gains have been in textiles, coal, manufactures of iron and chemicals. So far as exports to the United Kingdom are concerned, important increases are being registered in many products of the farm, mine and factory.

An increase has occurred in both imports from and exports to Australia, the latter rising from $4,207,000 to $6,047,000. This improvement is especially gratifying to those interested in trade from the Pacific coast.

A feature of the import trade has been the growing importance of the West Indies as a source of supply of semi-tropical fruits and vegetables.

Considered in the light of world conditions, Canada's external trade has shown a reassuring stability which reflects not only the underlying productive capacity of the country, but also the energy and capacity of those engaged in production and trade.

Financial Conditions in Canada

It will be recalled that after Great Britain departed from the gold standard, the export of gold from Canada was prohibited except under license and the gold production of the mines was purchased by the government at the world price. This policy has been continued, and the receipt of the New York premium, which would, of course, have been obtainable by producers had they been permitted to export their gold freely, has undoubtedly contributed to the substantial expansion which has occurred in gold production. Next to South Africa, Canada is now the largest producer, having expanded her output from $16,000,000 in 1913 to $63,000,000 in 1932, succeeding the United States as the second largest producer. It is estimated that for the present calendar year our production will amount to $67,000,000.

The importance of this industry lies not alone in the increasing employment it has given to labour, the profits which have been disbursed in dividends and the impetus given to domestic trade generally, but perhaps primarily at this time in the support which it has given to our exchanges and the national credit.

This increased gold supply, available for export without weakening monetary gold reserves, taken in conjunction with the elimination in the past two years of a large unfavourable balance of trade and the substitution therefore of a favourable balance exceeding $70,000,000, has been most significant in relation to Canada's ability to meet, without undue strain, the burden of interest

and principal payable abroad. Without making a detailed presentation of the various items entering into Canada's balance sheet of international payments, it may be noted that current estimates of the position indicate that exports of goods, gold, and services, are sufficient to offset annual charges payable abroad and to leave a substantial balance for principal payments on account of external debts. This has been a most important factor in maintaining the high credit position of Canada in world markets. During the past year Canada was the only foreign country that was able to borrow in the public markets of the United States.

This enviable position has been and can be held only by the maintenance of sound financial and monetary policies. Much has been heard in recent months about inflation. Some of the advantages claimed for inflation may seem alluring to industries harassed by falling prices and declining turnover. But let the sponsors of inflation never forget that apart from the other difficulties and dangers involved in their program, one inevitable result would be a flight from our dollar, a withdrawal on a large scale of the capital invested by foreigners in this country in the form of securities and bank deposits. There are also to be considered internal reactions to any steps which might impair confidence in a country's currency. Against policies which might lead to such dangers, this government has resolutely set its face.

The external value of the Canadian dollar, though showing greater fluctuations than are desirable for the normal conduct of international trade, has been maintained at a moderate discount in terms of the United States dollar. In October last, the rate rose to 6½ per cent discount, and at no time during the past year was it depresesd to the level of December, 1931. There are some who advocate that our dollar should be tied to sterling at the old parity and still others who criticize what they mistakenly believe to be a policy of pegging our dollar in terms of New York. This is not the time to enter into a discussion of this broad and complicated question. Suffice it for me to say that our dollar has been allowed to find its own level and that as a result it has been fluctuating about half-way between the United States dollar and the English pound. In so doing it may be working out a not unsatisfactory compromise between those of our national interests which would be benefited by close and stable relations with sterling, and those on the other hand which would be seriously harmed by a heavy and fluctuating discount in terms of New York.

[Mr. Rhodes.]

The financial and monetary policies which have been followed have also contributed to the efficient working of our internal credit and investment facilities. In general the needs of industry, of crop-marketing agencies and of public bodies harassed by falling revenues have been taken care of with admirable efficiency, particularly in view of emergency conditions and in the light of the situation in many other countries. Canada is one of the few countries that has been able to retain a market for new long-term financing, and the volume of long-term capital issues which were floated in the domestic market last year is, I submit, a splendid tribute, not only to the efficiency of our investment and banking institutions, but also to the thrift of the Canadian people and the underlying strength of our economic position. Excluding short-term and refunding loans, a total of $267,000,000 was raised. In passing, it is interesting to note that over $15,000,000 was secured by Canadian borrowers from the London market, three provinces and two municipalities selling their first sterling issues since 1914.

The dead hand of past lavish expenditure and borrowing still weighs heavily upon all public bodies. While public revenues keep falling, debt charges persist and increase, consuming an ever-growing proportion of total current receipts. This whole problem of interest charges is now receiving the attention of the banking and commerce committee of this house. Without touching upon their field, may I say that the policy of this government is to keep the interest charges upon the public debt as low as possible by maintaining such financial policies as will enable us to raise new funds and convert maturing loans on the most economical basis. When the opportune moment arrives, we propose to offer a conversion loan to the public of this country. But it will be on a basis that will keep faith with investors and will not in any sense involve repudiation of existing contracts. Under such conditions, the issue can be made, it is believed, at a rate which will involve a substantial saving to the public treasury.

May I refer also, at this time, to a matter which has received some attention in the public press, namely, the movement on the part of the banks and other financial institutions to reduce the interest rate on savings bank deposits. In my judgment this reduction is a necessary step if we are to reduce the interest rate on bank loans, on mortgages and on long-term bonds to a level where business recovery will be most effectively stimulated. I need not dwell upon the extent to which

it will ease the burden of financing for all public bodies by enabling funds to be raised at lower rates. In this matter, therefore, the government is prepared to cooperate by reducing the rate of interest paid on postal savings deposits.

Finally, I wish to refer to the contribution of the chartered banks to the orderly financing of our economic life. Under the impact of the severest financial storm that history records, our banking system has fully maintained its enviable reputation, meeting every demand upon it and retaining the fullest confidence of the public. The annual bank statements which have been issued recently indicate an exceptionally strong and liquid position, while the chief concern of our banks would appear to be the difficulty of finding satisfactory outlets for the investment of their surplus reserves.

A bill has already been introduced in this house providing for the extension of existing bank charters until July 1, 1934. Before that date the periodic revision of the Bank Act will have taken place. Speaking in this house more than a year ago, the right hon. the Prime Minister, raised the question as to whether or not a central bank should be established in Canada. In recent months the question has been widely discussed, but it must be recognized that it is a highly technical matter, upon which conclusions should be reached only in the light of the fullest enquiry into all aspects of the problem. The government proposes, therefore, to appoint a royal commission to study the organization and working of our entire banking and monetary system, to consider the arguments for and against a central banking institution and to make recommendations for revising or supplementing our existing banking and monetary legislation. I need scarcely say that the endeavour will be made to secure a body of experts, wherever they may be found whose competence and whose freedom from bias will command the respect of every section of the Canadian public. The intention is that the commission should begin its investigation at an early date, should adjourn, if necessary, in order to consider its findings in the light of any recommendations that may be made by the World Monetary conference, and should submit a report which would become the basis for study by the banking and commerce committee at the next session of parliament.

The brief reference which I have made to the financial situation in this country may well be a source of satisfaction to Canadians, having regard to world conditions. I do not overlook the darker elements in the picture—the low level of business activity, the shrinkage of trade, the pressure of low prices and of existing debts, the increase of unemployment and the various social costs which it involves. Nevertheless, it means much for the prospect of future recovery that as a nation Canada is able to take care of her foreign commitments without undue strain; that our financial structure continues intact and our credit remains unimpaired in the markets of the world.

Taxation Revenues 1932-33

The continuance of the decline in business activity and in commodity prices had the inevitable effect, in Canada as in other countries, of a continuing fall in public revenues. This was particularly marked in taxation revenue from which the dominion derives over 80 per cent of its total receipts.

Of the major sources of taxation revenue, the income tax alone will yield the sum estimated. When the fiscal year ends on March 31st, income tax receipts, as now estimated, will approximate $62,000,000 as compared with an estimate of $60,000,000 and a yield during the previous fiscal year of $61,255,000.

The customs tariff still ranks first as a contributor to the dominion treasury, but its yield of $72,000,000 for 1932-33 is substantially below the customs revenues of last year. This decline reflects, of course, the fall in commodity prices and the gradual shrinkage of international trade due in part to exchange restrictions and chaotic monetary conditions. The fall in excise duties, which are estimated to produce $38,594,000, was slightly less rapid than that in customs duties.

Because of the increase in the rate from 4 per cent to 6 per cent, the sales tax again rose to third place in the list of revenue producers. Though the higher rate was not fully effective during the entire year, the return will exceed $58,000,000 and closely approach that of the income tax and the customs tariff. If to sales tax receipts we add the yield of the various other excise and miscellaneous taxes imposed by the Special War Revenue Act, we have a total estimated return of $85,432,000 or over 33 per cent of our total taxation revenue.

The following table gives a comparative statement of the estimated receipts from taxes for the fiscal year now closing and the previous four years:

Taxation Revenues
(000 omitted)

	1928-29	1929-30	1930-31	1931-32	Estimated 1932-33
	$	$	$	$	$
Customs import duties	187,206	179,430	131,209	104,133	72,081
Excise duties	63,685	65,036	57,747	48,655	38,594
War Tax Revenues—					
Banks	1,243	1,408	1,429	1,390	1,350
Trust and Loan Companies	8	.....	.....	.....	.....
Insurance companies	895	74	74	12	805
Delayed business profits	455	173	34	3	.....
Income tax	59,422	69,021	71,048	61,255	62,000
Sales tax	63,646	44,859	20,784	41,734	58,757
Manufacturers', importation, stamp, transportation taxes, etc	19,361	18,550	13,951	17,872	24,520
Total receipts from taxation	395,921	378,551	296,276	275,054	258,107

Public Service Revenues

The sum of $52,709,932 will, it is estimated, be collected by way of revenues from the various public services. This is slightly larger than the corresponding figure for the previous year.

The chief source under this head is the Post Office Department, the revenue of which is estimated at $31,129,243. This is slightly less than the estimate and less than the total for 1931-32. On the other hand, post office expenditures have been reduced more rapidly with the result that a deficit of $2,214,000 in 1931-32 has been turned into an expected net revenue of approximately $567,000 during the current year. The figures for post office receipts do not include any credit for handling the mail of the various branches of the public service free of charge, nor does the department's expenditure take into account disbursements made by Public Works and other departments on account of Post Office.

The second largest item of public service revenues is interest on investments, representing interest on advances to harbour commissions, provinces, etc., and including the regular payments by Roumania on its loan. The total this year will exceed $11,500,000, as compared with $9,330,125 last year. Included in the total is the payment of $807,000 by the chartered banks for interest upon advances under the Finance Act. The corresponding payment last year was $360,247.

A five-year comparison of non-tax revenues follows:

Non-Tax Revenues

—	1928-29	1929-30	1930-31	1931-32	Estimated 1932-33
	$	$	$	$	$
Canada Grain Act	2,992,540	2,047,207	2,179,047	1,484,826	1,437,493
Canada Gazette	80,214	93,890	71,197	73,590	74,000
Canals	1,230,333	1,043,647	1,026,671	976,845	806,200
Casual	4,041,095	4,300,710	3,678,487	4,286,745	4,360,454
Chinese Revenue	18,224	14,345	21,996	10,059	9,800
Dominion Lands	4,070,339	4,139,104	1,655,401	485,364	453,500
Electricity	563,964	546,957	632,151	402,189	299,797
Fines and forfeitures	655,485	748,343	433,716	233,512	208,886
Fisheries	109,300	110,724	73,937	40,519	37,725
Gas inspection	92,398	100,763	94,255	81,359	81,627
Insurance inspection	131,626	138,780	148,942	149,902	159,918
Interest on investments	12,227,562	13,518,205	10,421,224	9,330,125	11,506,694
Marine	182,810	184,657	199,000	191,905	178,557
Mariners' Fund	236,808	209,322	201,768	184,485	185,646
Military college	20,204	19,820	19,882	20,045	20,116
Miltary pensions revenue	155,830	158,881	159,000	163,229	156,676
Ordnance lands	24,830	30,277	29,384	14,250	15,000
Patent and copyright fees	530,239	574,918	559,646	525,248	558,882
Penitentiaries	178,449	181,024	183,288	166,111	101,838
Post Office	30,611,964	33,345,385	30,212,326	32,234,946	31,129,243
Premium, discount and exchange	501,592	458,390	501,610	.....	301,108
Public works	414,085	408,151	362,391	280,591	214,781
R.C.M.P. officers' pensions	6,373	6,471	6,357	14,787	9,703
Superannuation fund	81	5	.....	.....	.....
Weights and measures	399,247	407,248	419,750	406,529	402,288
Total non-tax revenues	59,475,592	62,787,204	53,291,426	51,757,161	52,709,932

Included in casual revenue in the above table is $1,400,000 received from the sale of radio licences. This compares with $514,177 received during the previous year when the fee was $1 compared with the present $2.

Special Receipts

Special receipts were not as large as during either of the previous two years, primarily because nothing has been received on account of German reparations since the Hoover moratorium. From the Custodian of Enemy Property, however, there has been received $4,000,000, which has been taken into the accounts in part as an offset to the disbursements from the consolidated revenue fund in respect of compensation paid to civilians for damages sustained in the war.

Summary of Revenues

Adding special receipts to the returns from taxation and public service revenues, we reach a grand total revenue of $315,290,000, which is $18,549,000 less than the figure for the previous year.

A comparison of revenues for the last five fiscal years is given in the following table:

Summary of All Revenues

(000 omitted)

—	1928-29	1929-30	1930-31	1931-32	Estimated 1932-33
	$	$	$	$	$
Receipts from taxation	395,921	378,551	296,276	275,054	258,107
Non-tax revenues	59,476	62,787	53,291	51,757	52,710
Consolidated fund receipts	455,397	441,338	349,567	326,811	310,817
Special receipts	5,476	4,771	6,622	7,028	4,473
Grand total	460,873	446,109	356,189	333,839	315,290

Ordinary Expenditures 1932-33

The ordinary expenditures for the year are estimated at $364,425,000, which is $8,080,000 less than the figure for 1931-32. Whilst this expenditure is $130,000 more than was estimated, this slight increase must be considered in the light of the fact that after the budget estimate was made, supplementary estimates were passed, amounting to $7,644,000. By means of rigid control over expenditures, it was possible to effect a total saving of upwards of $12,000,000 from the total amounts voted by parliament.

In previous budgets it has been customary to give a statement of ordinary expenditures by services. The following five-year summary is given on the basis of expenditures by departments (with sub-heads for the more important services), in the belief that this classification will be more serviceable.

Statement by Departments of Expenditure for the Last Five Fiscal Years

(000 omitted)

Ordinary Account	1928-29	1929-30	1930-31	1931-32	Estimated 1932-33
	$	$	$	$	$
Agriculture	8,128	10,245	10,119	10,212	8,601
Auditor General's Office	400	402	416	436	390
Chief Electoral Officer, including Elections	75	46	2,256	145	64
Civil Service Commission	268	308	343	306	243
External Affairs including Office of the Prime Minister	749	897	928	994	875
Finance—					
Interest on Public Debt	124,990	121,566	121,290	121,151	134,971
Premium Discount and Exchange (Net)	.....	.....	.....	728	.....
Subsidies to Provinces	12,554	12,497	17,436	13,695	13,677
Special Grants to Maritime Provinces	1,600	1,600	1,600	1,600	1,600
Other Grants and Contributions	2,687	837	778	536	531
Imperial Economic Conference	.....	.....	.....	.....	258
Civil Pensions and Superannuations	1,648	1,545	1,476	1,405	1,330
General Expenditure	2,369	2,006	1,794	1,845	2,018

Statement by Departments of Expenditure for the Last Five Fiscal Years—Concluded

(000 omitted)

Ordinary account	1928-29	1929-30	1930-31	1931-32	Estimated 1932-33
	$	$	$	$	$
Fisheries	1,974	2,426	2,435	2,046	1,883
Governor General's Secretary's Office	155	170	142	148	146
Immigration and Colonization	2,956	3,094	2,588	2,200	1,769
Indian Affairs	4,789	5,333	6,069	5,081	4,507
Insurance	156	159	178	180	166
Interior	7,787	8,490	8,104	4,647	3,576
Justice	2,640	2,591	2,538	2,560	2,480
Penitentiaries	1,808	2,561	3,237	2,737	3,039
Labour	611	697	797	633	628
Technical Education	1,152	413	391	283	300
Old Age Pensions	833	1,537	5,658	10,032	11,500
Legislation—					
House of Commons	1,652	1,690	1,786	2,061	2,261
Library of Parliament	74	74	76	81	66
Senate	539	529	568	650	698
Marine	7,514	8,944	8,030	7,262	6,443
Canadian Radio Broadcasting Commission					250
Mines and Geological Survey	1,250	1,358	1,420	1,264	1,077
Movements of coal and Dominion Fuel Act	23	56	514	721	1,271
National Defence—					
Militia service	11,044	11,033	10,953	9,700	8,808
Naval service	1,836	3,013	3,598	3,043	2,422
Air service	5,041	5,921	7,147	4,040	1,750
Sundry services	1,753	1,925	1,928	1,347	1,085
National Revenue (including Income Tax)	13,542	13,844	13,972	13,920	11,148
Pensions and National Health—					
Treatment and after-care of returned soldiers	7,902	8,494	9,774	11,154	10,811
Pension, war and military	41,095	40,032	45,541	48,249	44,500
Health division	1,275	1,390	1,342	1,246	965
Post Office	34,950	36,557	37,892	36,052	32,073
Privy Council	59	58	54	53	51
Public Archives	189	203	212	212	175
Public Printing and Stationery	291	302	295	289	248
Public Works	18,685	19,819	25,453	17,648	13,983
Railways and Canals	3,870	4,122	4,479	3,997	4,028
Maritime Freight Rates Act	7,178	7,401	10,327	9,187	10,650
Royal Canadian Mounted Police	2,800	3,100	3,192	3,488	6,245
Secretary of State	426	454	479	483	460
Soldier Settlement Board	1,442	1,362	1,300	1,036	851
Trade and Commerce—					
Department	3,245	3,252	4,955	6,417	3,335
Mail subsidies and steamship subventions	1,026	1,083	1,323	2,999	2,083
Canada Grain Act	1,856	2,271	2,356	2,306	2,136
Total ordinary expenditure	350,886	357,707	389,539	372,505	364,425

Premium, Discount and Exchange

It will be noted that only the net balance of the above account is included in the figures. During this fiscal year, the expenditure for this purpose will, it is estimated, total $8,000,000. Of this amount, $7,962,000 represents premium paid on gold purchased by the mint, the balance representing exchange on sundry items. This expenditure was more than offset on the revenue side by credits totalling $8,301,000, resulting from the sale of New York funds acquired by the shipment of gold, the discount on sterling purchased to meet London requirements, and the discount on sterling securities purchased below par for sinking fund purposes. This makes a net revenue for the year of $301,000. The inclusion of the net balance only in the accounts avoids the undue inflation of revenue and expenditure arising primarily from the governmental policy of centralizing and controlling the purchase and export of gold.

Capital Expenditures

The amount voted for capital expenditure was $9,678,100, of which $9,123,000 will be spent. Last year the expenditures on capital account amounted to $16,980,000 and for the year 1930-31 the expenditure was $28,222,000.

Classified on the usual three-fold basis, capital expenditures for the last five years are presented in the following table:

Capital Expenditures
(000 omitted)

	1928-29	1929-30	1930-31	1931-32	Estimated. 1932-33
Canals	$13,164	$ 9,324	$ 9,842	$ 3,299	$3,129
Railways	6,302	6,663	6,371	6,242	1,582
Public Works	3,343	6,574	12,009	7,439	4,412
Total capital expenditures	$22,809	$22,561	$28,222	$16,980	$9,123

Special Expenditures

Special expenditures, it is estimated, will amount to $42,483,000. This represents a reduction of $12,993,000 from the previous year.

The two chief items in this classification are wheat bonus and unemployment relief. The carry-over of wheat bonus paid during the current fiscal year is $1,826,260, making a total outlay on this account of $12,734,689—considerably larger than was at first contemplated due to the unexpectedly large crop of 1931.

Unemployment Relief

On unemployment relief, the total expenditure during the year will be $35,603,000, which is a larger amount than the current annual cost of relief due to the fact that there was carried over from the previous year a large expenditure in respect of the Dominion government's share of the cost of relief works, the accounts for which reached us for payment some time after the actual expenditures were incurred by the provinces and municipalities.

The total amount paid in respect of commitments arising out of the 1931 act was $17,300,000, of which $12,400,000 was for the public works just mentioned. The amount paid in respect of commitments carried forward from the 1930 legislation was $553,400, and the payments under the Relief Act of 1932 are estimated at $17,749,600. The whole expenditure may be summarized as follows:

Public works	$12,531,100
Direct relief (including Saskatchewan Relief Commission, $4,600,000)	19,630,280
Other expenditures, mainly Dominion projects	3,441,620
	$35,603,000

A comparative statement showing special expenditures during the last five fiscal years follows:

Special Expenditures
(000 omitted)

—	1928-29	1929-30	1930-31	1931-32	Estimated 1932-33
	$	$	$	$	$
Adjustment of War Claims	120	95	110	91	72
Cost of Loan Flotations	11	17	193	1,350	1,551
Miscellaneous Charges	2,056	3,027	2,955	3,500	3,165
Reparations—					
Claims for Compensation	.....	6,700	500	1,331	266
Unemployment Relief, 1930	.....	.....	4,432	13,190	553
Unemployment Relief, 1931	.....	.....	.....	25,106	17,300
Relief Act, 1932	.....	.....	.....	.....	17,750
Wheat Bonus	.....	.....	.....	10,908	1,826
Reduction of Loans to Soldier Settlers	.....	.....	8,599	.....	.....
Total Special Expenditures	2,187	9,839	16,789	55,476	42,483

Loans to Provinces

Loans by the Dominion government to provincial governments under authority of the Relief Act, after taking current repayments into account, amounted to $17,489,725. The loans carried forward from the previous fiscal year totalled $22,544,422, on account of which $2,000,000 was repaid during 1932-33. The total presently outstanding is therefore $38,-034,147.

Two provinces—Manitoba and British Columbia—were given temporary assistance in meeting maturities in New York, undertakings having been given that the loans by the dominion would be repaid from refunding issues in Canada. A portion of such loans has been repaid, as well as $2,000,000 by British Columbia on account of a similar loan made in the previous year, the result being that the loans to assist provinces to meet their New York obligations increased during the year by a net amount of $506,716.

The prairie provinces, in the spring of 1932, granted assistance in the form of loans for seed grain and seeding operations to farmers in areas that had suffered from drought, and the Dominion government co-operated in this emergency measure by lending the provinces the required amounts, aggregating $6,740,000, on account of which $630,000 has been repaid, leaving $6,110,000 presently outstanding.

The loans for other provincial purposes, mainly for the financing of public works and direct relief expenditures, totalled $8,873,009, of which amount $6,500,000 was assigned to the financing of provincial and municipal share of the cost of public works under the 1931 relief program, provision for which extended over into the present fiscal year. It will be remembered that in view of conditions existing in the western provinces, the dominion then undertook not only to pay the agreed share of the cost, but also to assist the provinces in the financing of the balance.

In all these cases, the dominion made the loans only after the most pressing representations by the governments of the provinces concerned, and as a temporary measure until these provinces, admittedly subjected to far-reaching readjustments in their budgets, were afforded the time necessary to arrange the financing of their own obligations.

A summary statement showing amounts of loans and the purposes for which they were authorized, follows:

Loans, 1932-33 net outstanding	Loans covering obligations maturing in New York	Loans re assistance to farmers, including purchase of seed grain	Loans for provincial purposes including public works and direct relief	Total
	$	$	$	$
Manitoba	1,944,130	380,000	2,632,580	4,956,710
Saskatchewan	.....	5,590,000	2,134,338	7,724,338
Alberta	.....	140,000	1,700,000	1,840,000
British Columbia	562,586	.....	2,406,091	2,968,677
	2,506,716	6,110,000	8,873,009	17,489,725
Loans, 1931-32 net outstanding	9,637,189	.....	10,907,233	20,544,422
Total outstanding	12,143,905	6,110,000	19,780,242	38,034,147

Loans and Advances, Non-Active

The final classification of expenditure consists of those advances to corporations which are non-interest-bearing and are regarded as non-active. They are charged as expenditures for the year and are not treated as assets in establishing the net debt of the Dominion.

Steamship Companies

Under the head "Canadian National Steamships," provision is made for the operations of the West Indies service and the Canadian Government Merchant Marine. There was an improvement in the operating results of the West Indies service in 1932. The cash outlay from the dominion treasury for the year's operations was $753,716; the corresponding figure for 1931 being $916,568. However, as $161,448 of the 1931 loss was not voted until the commencement of the current fiscal year, our accounts for 1932-33 will show total loans of $915,164 to the Canadian National (West Indies) Steamships.

The operations of the Canadian Government Merchant Marine fleet have been subject to some curtailment and 13 vessels not in service were disposed of during the past year. The dominion treasury furnished $326,613 for

1932 operating loss but, on the other hand, received back from the company $2,624,000 as a credit to previous years' advances. Of the latter amount, $600,000 represented working capital released as a result of lower commodity prices and diminished fleet and $2,000,000, a surplus transferred from the company's insurance fund. This fund accumulated by reason of the fact that the annual charges for the cost of insurance were greater than the losses realized, and as the government has financed directly the whole cost of the merchant marine, it is appropriate that the surplus so accumulated should, particularly in view of the reduction which has been effected in the operations of the company, be now returned as a credit against the loans made by the government in previous years. Taking into consideration these refunds, the accounts for the year will show a credit under the classification "Canadian National Steamships" of $1,383,000.

The other non-active advances include $500,000 to the Quebec harbour commission, $2,447,000 to the Canadian Pacific Railway Company to enable the company to keep its shops open and provide employment for labour and $395,000 for Montreal harbour bridge deficit. The net requirements for loans and advances non-active will therefore be $1,959,000, as shown in the following statement which gives comparisons also for the previous four years:

Loans and Advances, Non-Active

(000 omitted)

—	1928-29	1929-30	1930-31	1931-32	Estimated 1932-33
	$	$	$	$	$
Loans to Canadian National Railways	.....	2,933	.....	.....	.....
Loans to Canadian National Steamships	758	2,491	1,827	1,199	1,383 (cr)
Loans to Quebec Harbour Commissioners	2,888	2,821	3,491	1,379	500
Miscellaneous non-active accounts	.....	17	170	534	395
Canadian Pacific Railway (relief acts)	.....	.....	.....	.....	2,447
Accounts carried as active assets transferred to non-active	10,000	.....	.....	.....	.....
	13,646	8,262	5,488	3,112	1,959

Summary of Expenditures

Grouping the 1932-33 expenditures together as in the following comparative table, it will be observed that the total of government expenditures for the year amounted to $417,990,000 as compared with $448,073,000 in 1931-32, a reduction of $30,000,000.

Summary of Expenditures

(000 omitted)

—	1928-29	1929-30	1930-31	1931-32	Estimated 1932-33
	$	$	$	$	$
Ordinary expenditures	350,886	357,707	389,539	372,505	364,425
Capital expenditures	22,809	22,561	28,222	16,980	9,123
Special expenditures	2,187	9,839	16,789	55,476	42,483
Loans and advances non-active	13,646	8,262	5,488	3,112	1,959
	389,528	398,369	440,038	448,073	417,990

Canadian National Railways

All of the money required for the Canadian National Railways in 1932 was provided from the dominion treasury.

It is well-known that as regards the volume of railway traffic, the year was very disappointing. Taking the system as a whole gross operating revenues suffered a decline of 19 per cent or over $39,000,000 as compared with the previous year. Notwithstanding that the management paralleled this decrease of $39,000,000 in gross earnings by a reduction of

$44,000,000 in operating expenses, the net financial result for the year, after absorbing fixed charges due the public and exchange premium, was only slightly more favourable than in 1931. The dominion was required to provide in cash $60,058,506 for deficits, as compared with $60,968,438 in the previous year. These figures are for the whole system, including eastern lines, and take no account of interest amounting to $35,500,000 accrued in the accounts of the railways, but not paid, on loans by the government to the company.

In addition to provision for deficits, cash must also be furnished for debt retirement and capital expenditures. The former are, of course, fixed and uncontrollable. Capital expenditures, however, have been drastically curtailed, the net in 1932, after crediting equipment retirements, amounting to $799,158, as compared with a corresponding figure of $34,373,262 in 1931.

The following statement gives a comparison of the financial requirements of the system for 1932, as compared with the budget estimates, and actual requirements in 1931:

Canadian National Railways—Financial requirements

—	Actual 1932	Budget 1932	Actual 1931
	$	$	$
Deficit—			
System (ex. eastern lines)	53,422,661	42,784,610	52,255,676
Eastern lines	6,635,845	6,217,400	8,712,762
Total	60,058,506	49,002,010	60,968,438
Capital expenditures	799,158	7,033,738	34,373,262
Debt retirement	11,510,178	11,681,652	10,041,691
Discount on securities issued	.....	.....	4,226,030
	72,367,842	67,717,400	109,609,420
Less working capital available	4,231,997	.....	633,155
Amount required	68,135,845	67,717,400	108,976,265

Of the total of $72,367,842 required by the railways in 1932, $4,231,977, it will be seen, was secured from the working capital funds of the company; the balance of $68,135,845 was furnished by the government—$6,635,845 by payment of the deficit on the eastern lines as a charge on the consolidated revenue fund, and $61,500,000 by loan to the company under authority of the Canadian National Railways Financing and Guarantee Acts, passed at the 1932 session. The whole of the amount authorized was paid.

One of the recommendations of the Royal Commission on Railways and Transportation, to which effect is being given in the legislation now before parliament, is that sums which are required to meet deficits should be voted by parliament annually. To implement this recommendation, the government has submitted an estimate of $53,422,661 in respect of the income deficit of the system in 1932, (excluding the loss on eastern lines already provided for by vote). This amount will be credited against the loans of $61,500,000, above referred to, leaving a balance owing the government of $8,077,339, which will remain standing as an interest-bearing loan, representing as it does outlay for capital account and debt reduction.

At the same time, loans of $41,121,216 made by the government to the Canadian National Railway Company in the fiscal year 1931-32 in respect of railway operations in 1931, will be transferred from the category of active to non-active assets, as these also represent loans for deficits. They will be added to the $614,000,000 of non-active assets shown in the public accounts for loans to railway companies and for the purchase of capital stock.

In so far as the accounts of the railway company are concerned, the ultimate treatment of government advances, prior to the year 1932, representing partly losses and partly capital expenditures, will be governed by the action of the proposed board of trustees to whom the control and management of the railways will be entrusted. The royal commission has recommended that the question of the capital structure of the system have the early attention of the board of trustees. It should be understood, however, that so far as the government's accounts are concerned, the effect of treating these railway advances

as non-active assets, has already been to absorb them fully into the government debt.

As at March 31, 1933, the funded debt of the Canadian National Railways due the public will amount to about $1,263,000,000, having been reduced by $11,000,000 in the past year. Of the amount outstanding, $965,000,000 bears the guarantee of the dominion.

The company has also been able to retire a temporary debt of $9,008,250, by the utilization of working capital released through reductions in stores and material accounts. This debt represented the construction cost of the Manitoba Northern railway, a branch line undertaken in 1927 and financed under authority of order in council by temporary bank loans.

Harbour Commissions

Advances to harbour commissions totalled $6,657,000, a considerable reduction from the previous year when upwards of $14,000,000 was loaned. For the most part, this sum represents capital cost of port developments inaugurated some years ago. A statement of the advances in 1932-33 and four previous years, and the total advances to date, is as follows:

Advances to Harbour Commissions

(000 omitted)

—	1928-29	1929-30	1930-31	1931-32	Estimated 1932-33
	$	$	$	$	$
Chicoutimi	500	815	846	465	324
Halifax	30	1,272	3,539	2,752	1,023
Montreal—Construction	1,370	4,336	2,291	1,412	614
Montreal—Bridge	.....	.....	170	534	395
New Westminster	.....	.....	.....	189	56
Quebec	2,888	2,821	3,491	1,379	500
Saint John	602	1,711	1,094	5,764	2,581
Three Rivers	.....	136	1,544	747	255
Vancouver	1,596	345	2,802	809	909
	6,986	11,436	15,777	14,051	6,657

Advances to date

	$
Chicoutimi	2,950
Halifax	8,616
Montreal—Harbour	58,003
Montreal—Bridge	1,099
New Westminster	245
Quebec	26,309
Saint John—Harbour	11,752
Three Rivers	2,682
Vancouver	22,326
	133,982

It has been the practice to carry these loans, with the exception of those for the Quebec commission and the Montreal harbour bridge deficit, as active assets, on the assumption that they represented capital works that would sustain the debt incurred for them. Clearly, that has not been the situation with respect to the Chicoutimi, Three Rivers, Halifax and Saint John commissions. Interest can be paid only because it is added to the construction cost. It is proposed to transfer the advances to these commissions totalling $26,000,000, to the non-active category at once, as the financial position of these commissions is anything but satisfactory. It may be observed that Sir Alexander Gibb's recommendations for the control and operation of national ports would, if put into effect, involve further adjustments in the manner of recording the expenditures which the government has made for their development.

Canadian Farm Loan Board

The dominion continued to purchase at par the board's 5 per cent bonds to the extent that loaning operations required. Bonds purchased amounted to $850,000 and a subscription of $70,650 was made to capital stock

The capital furnished from the dominion treasury for the operations of the board now aggregates $8,137,115, divided as follows:

Initial capital	$5,050,000
Purchase of bonds	2,650,000
Purchase of capital stock	437,115
	$8,137,115

Having presented the revenues and expenditures under the appropriate classifications, we are now in a position to indicate the net results of the dominion's accounts for the year. Minor adjustments have yet to be made before the accounts are closed, but the figures given are believed to approximate the final balances for the year.

With ordinary expenditures totalling $364,425,000 and revenues of $310,817,000 it will be observed that the resulting deficit on ordinary account is $53,608,000.

When the budget was brought down last year, it was expected that the taxation proposals then submitted would increase the receipts to such an extent that there would be at least a balancing of the budget on ordinary account. The actual expenditure, as has been indicated has closely approximated the estimate. The explanation for the deficiency on ordinary account is therefore found in the failure of the revenues to attain the expected yield due to falling prices and shrinkage in business activity.

Special expenditures, including $37,400,000 for unemployment relief and wheat bonus, amounted to $42,483,000. If against this sum there is applied $4,473,000 received in special revenues, there remains a balance of special expenditures not provided from income, of $38,010,000. In addition there are the capital expenditures of $9,123,000 and net loans and advances non-active of $1,959,000. The resulting increase of debt on government operations for the year is therefore $102,700,000, as compared with a corresponding figure in the previous year of $114,234,000.

To give effect to the assimilation in our accounts of the deficit of the Canadian National Railways, the increase in debt of $102,700,000 on government operations will be augmented, as previously referred to, by the addition of a special charge of $53,422,000, resulting in a total addition to the debt, after taking into consideration the year's operations both for government and the railways, of $156,122,000.

In the balance sheet, effect will be given also to the transfer from active to non-active assets of $41,000,000 of advances to the Canadian National Railways in 1931-32, and of $26,000,000 of loans to harbour commissions, as already referred to.

[Mr. Rhodes.]

Loan Flotations

The dominion has been able to arrange for the orderly financing of all requirements during the year, including provision for maturing securities and the financing of the Canadian National Railways.

External borrowings in 1932-33 were for the purpose of meeting maturing obligations in New York. An issue of one-year 4 per cent treasury notes dated October 1, 1932, for the amount of $60,000,000, was sold to a New York banking group at 99·28 and accrued interest. From the proceeds of this issue a 5 per cent temporary bank loan, then standing at $13,000,000 but originally negotiated in 1931 for $19,000,000, almost entirely for railway purposes, was paid off and the cash balances of the dominion held in New York were restored to the extent that they had been utilized in making periodic payments on account of this indebtedness. The other maturing obligation paid from the proceeds of this sale was the issue of $40,000,000 two-year 4 per cent notes which fell due December 1, 1932.

In Canada $85,000,000 was raised by the sale of treasury notes to the chartered banks. The first issue dated August 1, 1932, was for one year at 4½ per cent and was sold at par and accrued interest. The other issue of two-year notes, dated November 1, 1932, was for $35,000,000 at 4 per cent and was sold at par and accrued interest. In addition, for temporary financing, $12,000,000 of 90-day 4 per cent treasury bills dated October 15, 1932, were sold to the banks at par. These were called for redemption on November 3.

A public issue of securities was made in Canada at the end of October. The offering was for $80,000,000 4 per cent bonds dated October 15, 1932, divided into two maturities:—$25,000,000 of three-year bonds and $55,000,000 of twenty-year bonds. The three-year bonds were sold at 99·20 and interest, yielding 4·28 per cent; and the twenty-year bonds at 93·45 and interest, yielding 4½ per cent. The three-year maturity was immediately over-subscribed about three times, and all subscriptions in excess of $25,000 were allotted on a percentage basis. The twenty-year maturity moved more slowly but the books were closed shortly before the date set with a slight over-subscription, the total amount of the issue being $56,191,000. The whole issue is payable in Canada only, and the twenty-year bonds are subject to redemption at par after fifteen years.

The sale of the 4 per cent loan of 1932 was in charge of a committee representing banks and investment houses, under the chairmanship of Sir Charles Gordon, president of the

Bank of Montreal, and operated along lines similar to that employed in the national service and conversion loans of 1931.

The expense of raising the loan, including commissions, advertising, printing, and delivery of securities, was about three-quarters of one per cent.

The proceeds of the issue were used for the purpose of paying off $34,449,950 of 5½ per cent renewal loan bonds which remained outstanding after the conversion loan of 1931, and the balance of the proceeds was devoted to the general purposes of the government.

It is well to record that with this issue new ground was broken and for the first time there was offered for public subscription in Canada, a dominion security bearing a 4 per cent coupon.

While this factor produced some sales resistance, notwithstanding that the yield to the investor on the twenty-year maturity was actually 4½ per cent, it speaks well not only for the organization which conducted the sale of the loan, but also for the responsiveness of investors to the prime security of Canada that the issue met with success.

The direct obligations of the dominion in the form of unmatured funded debt are listed in the following statement:

Unmatured Funded Debt as of March 31, 1933, and Annual Interest Charges

Date of maturity	Rate	Where payable	Amount of loan	Annual interest charges
	%		$ cts.	$ cts.
1933—Aug. 1	4½	Canada	50,000,000 00	2,250,000 00
Oct. 1	4	New York	60,000,000 00	2,400,000 00
Nov. 1 (a)	5½	Canada	169,971,850 00	9,348,451 75
1934—June 1	3½	London	23,467,206 27	821,352 22
July 1	5	Canada	33,293,470 85	1,664,673 54
Nov. 1	4	Canada	35,000,000 00	1,400,000 00
Nov. 1	5½	Canada	226,138,350 00	12,437,609 25
1935—Aug. 1 (a)	5	Canada and New York	874,000 00	43,700 00
Oct. 15	4	Canada	25,000,000 00	1,000,000 00
1936—Feb. 1	4½	New York	40,000,000 00	1,800,000 00
Nov. 15	5	Canada	79,535,200 00	3,976,760 00
1937—Mar. 1 (a)	5	Canada and New York	90,166,900 00	4,508,345 00
Dec. 1 (a)	5½	Canada	236,299,800 00	12,996,489 00
1938—July 1	3	London	8,071,230 16	242,136 90
July 1	3	London	18,250,000 00	547,500 00
July 1	3	London	10,950,000 00	328,500 00
July 1	3½	London	15,056,006 66	526,960 23
1940—Sept. 1	4½	Canada	75,000 000 00	3,375,000 00
1941—Nov. 15	5	Canada	141,663,000 00	7,083,150 00
1943—Oct. 15	5	Canada	147,000,100 00	7,350,005 00
1944—Oct. 15	4½	Canada	50,000,000 00	2,250,000 00
1946—Feb. 1	4½	Canada	45,000,000 00	2,025,000 00
1947—Oct. 1	2½	London	4,888,185 64	122,204 64
1950—July 1	3½	London	137,058,841 00	4,797,059 43
1952—May 1	5	New York	100,000,000 00	5,000,000 00
Oct. 15	4	Canada	56,191,000 00	2,247,640 00
1956—Nov. 1	4½	Canada	43,125,700 00	1,940,656 00
1957—Nov. 1	4½	Canada	37,523,200 00	1,688,544 00
1958—Nov. 1 (b)	4½	Canada	276,688,100 00	12,450,964 50
1959—Nov. 1 (c)	4½	Canada	285,771,800 00	12,859,731 00
1960—Oct. 1	4	London	93,926,666 66	3,757,066 67
Oct. 1	4	New York	100,000,000 00	4,000,000 00
			2,715,910,607 24	127,239,499 13

Payable in Canada	$ 2,013,201,570 85	74·13%
Payable in Canada and New York	91,040,900 00	3·35
Payable in New York	300,000,000 00	11·05
Payable in London	311,668,136 39	11·47
	$ 2,715,910,607 24	100·00%
Less bonds and stocks of the above loans held as sinking funds	66,001,724 51	
	$ 2,649,908,882 73	

(a) Tax free in Canada.
(b) Tax free to Nov. 1, 1933, 5½% to Nov. 1. 1933
(c) 5½% to Nov. 1, 1934.

Indirect Liabilities

A statement is submitted presenting in detail the various bond issues guaranteed by the dominion outstanding in the hands of the public as of March 31, 1933, of a total par value of $996,148,354, or $4,300,000 under the figure of a year ago. There are, in addition, contingent liabilities of a special character assumed under the several relief acts. These include guarantees in connection with wheat marketing, the Province of Manitoba Savings Office, the Beauharnois Light, Heat and Power Company and Newfoundland.

In the budget speech of last session, mention was made of the guarantee given by the government to chartered banks in respect of their advances to Canadian Co-operative Wheat Producers Limited, arising out of operations in connection with the 1930 crop, and also with respect to the banking accommodation guaranteed to the wheat pools in the three western provinces in connection with the marketing of the 1931 crop. In connection with the latter operations, the advances made by the banks and guaranteed by the government were repaid with the exception of small balances transferred to the present crop year, and no liability has accrued against the government in respect of its guarantee for the marketing of the 1931 crop.

In response to urgent requests of the governments of the three western provinces, similar arrangements were effected for financing the 1932 crop and consequently, under authority of order in council of September 20, 1932, P.C. 2077, passed pursuant to the Relief Act, 1932, a guarantee was authorized, subject to certain safeguarding provisions, of advances to the three provincial pools arising out of the marketing of last year's crop. In the case of the Manitoba organization, the limit of credit was established at $1,395,000; for Saskatchewan, at $15,000,000; and for Alberta, at $9,000,000. Within the last few days, arrangements were made by which a guarantee was given to enable the pools to distribute an additional 5 cents per bushel to farmers whose grain of the 1932 crop is being marketed on the pool plan. This action was taken so that an increased percentage of the value of their grain might be available at seeding time. Under these guarantees, the liability of the government accrues only after the crop has been marketed, and there is no ground for anticipating any less favourable outcome than in connection with the financing of the crop of the previous year.

[Mr. Rhodes.]

The guarantee of advances to Canadian Co-operative Wheat Producers Limited in connection with the 1930 crop remains in effect, and it was necessary during the past season for the company to increase its liability as a result of stabilizing transactions which it was considered expedient in the public interest to support. To these operations the government gave its guarantee. The steadiness which has developed in the wheat market has undoubtedly vindicated the action then taken and the question of ultimate liability will depend entirely upon the future course of wheat prices.

By order in council of April 28, 1932, P.C. 972, effect was given to an undertaking by which, in the month of February of that year, the dominion guaranteed the chartered banks doing business in Winnipeg from loss in respect of the assumption by these banks of all liabilities of the Province of Manitoba Savings Office. The banks received from the province of Manitoba as security for the assumption of such liabilities, $12,442,400 one-year 5½ per cent treasury bills, maturing February 27, 1933, and on the maturity of these bills the banks were willing to accept a renewal, less the sum of $334,098 paid on principal account, provided the guarantee was continued. This the governor in council authorized under minute of February 22, 1933, P.C. 318.

In connection with the Beauharnois power project, the government has guaranteed advances of a principal amount of $15,539,000 made by several of the banks to finance construction work. These advances are secured in practically double this sum by the deposit of first mortgage bonds of the Beauharnois Light, Heat and Power Company which, in the opinion of the government affords ample security. The orders in council relating to this guarantee are dated July 11, 1932 (P.C. 1577) and February 6, 1933, (P.C. 213).

Finally, mention may be made of the assistance rendered jointly with the government of the United Kingdom, which enabled Newfoundland to meet interest obligations due January 1 last. The commitment of Canada relates to the guarantee of a bank loan of $625,000, bearing interest at the rate of 5 per cent.

The indirect obligations represented by guaranteed securities outstanding in the hands of the public are set out in the statement which follows:

Bonds Guaranteed by Dominion Government as at March 31, 1933

Date of maturity	Issue	Interest rate	Amount outstanding
		%	$ cts.
Sept. 1, 1934	Canadian Northern	4	17,060,333 33
Feb. 15, 1935	Canadian Northern	4½	17,000,000 00
Sept. 1, 1936	Grand Trunk	6	24,220,000 00
Oct. 1, 1940	Grand Trunk	7	23,989,000 00
Dec. 1, 1940	Canadian Northern	7	23,779,000 00
July 1, 1946	Canadian Northern	6½	24,238,000 00
April 1, 1948	New Westminster Harbour Commission	4¾	700,000 00
Sept. 1, 1951	Canadian National	4½	50,000,000 00
Aug. 1, 1952	Saint John Harbour Commission	5	667,953 04
July 10, 1953	Canadian Northern	3	9,359,996 72
Feb. 1, 1954	Canadian National	5	50,000,000 00
Sept. 15, 1954	Canadian National	4½	26,000,000 00
Mar. 1, 1955	Canadian National (West Indies) Steamships	5	9,400,000 00
June 15, 1955	Canadian National	4¾	50,000,000 00
Feb. 1, 1956	Canadian National	4½	70,000,000 00
July 1, 1957	Canadian National	4½	65,000,000 00
July 20, 1958	Canadian Northern	3½	7,896,561 63
May 4, 1960	Canadian Northern Alberta	3½	3,149,998 66
May 19, 1961	Canadian Northern Ontario	3½	34,229,996 87
Jan. 1, 1962	Grand Trunk Pacific	3	34,992,000 00
Jan. 1, 1962	Grand Trunk Pacific	4	8,440,848 00
Dec. 1, 1968	Canadian National	4½	35,000,000 00
July 1, 1969	Canadian National	5	60,000,000 00
Oct. 1, 1969	Canadian National	5	60,000,000 00
Nov. 1, 1969	Harbour Comm. of Montreal	5	19,000,000 00
Feb. 1, 1970	Canadian National	5	18,000,000 00
By tenders or drawings	Canadian National	2	28,268,505 40
Various dates 1933-54	City of Saint John debentures assumed by Saint John Harbour Commissioners	Various	1,299,018 80
Serial—Feb. 1 and Aug. 1, 1933-38	Canadian National Equip. G	5	8,250,000 00
Perpetual	Grand Trunk Guaranteed Stock	4	60,833,333 33
"	Grand Trunk Debenture Stock	5	20,782,491 67
"	Great Western Debenture Stock	5	13,252,322 67
"	Grand Trunk Debenture Stock	4	119,839,014 33
"	Northern Railway of Canada Debenture Stock	4	1,499,979 67
			996,148,354 12

The statistical presentation of the dominion's financial position is completed with the submission of the balance sheet enumerating the assets and liabilities, estimated as of March 31, 1933. Total liabilities are shown at $2,990,315,000. After deducting from this amount active assets made up of cash balances, specie reserve, income-producing and current assets, totalling $391,226,000, the resulting net debt is shown at $2,599,089,000. The statement is as follows:

Active Assets, March 31, 1933 (Estimated)

Cash, working capital advances and other current assets		$ 10,461,000
Specie reserve		72,600,000
Advances to banks under Finance Act		42,400,000
Loans to provinces for housing	$10,382,000	
Loans to provinces, Relief Act, 1931	38,034,000	
		48,416,000
Loans to foreign governments—		
Greece	6,525,000	
Roumania	23,969,000	
		30,494,000
Loans to harbour commissioners—		
Montreal	58,003,000	
Vancouver	22,326,000	
New Westminster	245,000	
		80,574,000
Canadian National Railways		16,340,000
Canadian Farm Loan Board		8,137,000
Soldier and general land settlement		47,755,000
Seed grain and relief advances		2,397,000
Canadian government railways open and stores accounts		15,749,000
Deferred debits—		
Unamortized discount and commission on loans		15,903,000
		$391,226,000

Liabilities, March 31, 1933 (Estimated)

Dominion notes outstanding		$ 176,200,000
Bank circulation redemption fund		6,585,000
Insurance and superannuation funds—		
Government annuities	$ 28,425,000	
Insurance fund, civil service	7,790,000	
Insurance fund, returned soldiers	11,242,000	
Retirement fund	7,205,000	
Superannuation funds	42,880,000	
		97,542,000
Trust funds—		
Indian funds	13,500,000	
Common school funds	2,672,000	
Contractors' securities deposits	350,000	
Other trust funds	2,120,000	
		18,642,000
Contingent and special funds		1,975,000
Post office money orders, postal notes, etc., outstanding		3,080,000
Province accounts		9,623,000
Post Office Savings Bank deposits		22,700,000
Funded debt—		
Unmatured	2,649,908,000	
Matured but not presented for payment	1,960,000	
		2,651,868,000
Interest coupons matured but not presented for payment		2,100,000
		$2,990,315,000

Non-active Assets, March 31, 1933 (Estimated)

Canadian National Railways		$ 655,527,000
Canadian National Steamships		15,367,000
Harbour commissioners—		
Quebec	$ 26,309,000	
Chicoutimi	2,950,000	
Halifax	8,616,000	
Saint John	11,752,000	
Three Rivers	2,762,000	
Montreal south shore bridge	1,099,000	
		53,488,000
Seed grain and relief advances		487,000
Soldier and general land settlement		16,513,000
Miscellaneous advances		3,445,000
Capital accounts—		
Canals	240,206,000	
Railways	443,516,000	
Public buildings, harbour and river improvements	247,749,000	
Military property and stores	12,035,000	
Territorial accounts	9,896,000	
		953,402,000
Railway accounts (old)		88,399,000
Consolidated fund balance as at debit, March 31, 1933		812,461,000
Net debt, March 31, 1933		$2,599,089,000

Estimated Revenues and Expenditures 1933-34

Based upon current rates of taxation the revenues for the next fiscal year are estimated at $287,230,000 made up as follows:

Taxation revenue:		
Customs duties	$72,000,000	
Excise duties	38,000,000	
Income tax	40,000,000	
Sales tax	59,000,000	
Manufacturers', stamp, importation and other special taxes	26,655,000	
		$235,655,000
Non-tax revenue:		
Post office	30,100,000	
Interest on investments	11,400,000	
Other sources	10,075,000	
		51,575,000
Total		$287,230,000

With revenues so reduced, it becomes incumbent on the government not only to propose measures which will add substantially to the present income, but also to put into effect every reasonable economy in the administrative cost of the public service. The estimates for the ordinary services of government in the fiscal year 1933-34 total $369,429,000, a figure which closely corresponds to the actual expenditure in the present fiscal year after taking into account the estimated increase in interest on public debt and pensions. The gap therefore between the revenues at the present yield and the estimated ordinary expenditures is $82,000,000.

Last year, attention was directed to the extent to which the government had endeavoured to meet existing conditions by reductions in the expenditures within its control. For the purpose of making comparisons, special expenditures for unemployment and farm relief and the railway deficit, are set aside, but all other expenditures on capital as well as ordinary account, are taken into consideration. These expenditures, controllable and uncontrollable together, have fallen from $427,000,000 in 1930-31 to $381,000,000 in the current fiscal year, a reduction of slightly over ten per cent. Opportunities for the reduction of expenses, however, are necessarily confined to the expenditures that are controllable, as opposed to those which are fixed and generally uncontrollable, of which the main items are debt charges, pensions, subsidies and ex-soldiers' care. The controllable expenditures in the present year have been $145,000,000 as compared with $208,000,000 in 1930-31, a decrease of $63,000,000 or thirty per cent. The estimates for next year indicate a further saving of about 3½ millions in this class of expenditure.

Under the urgent pressure of declining revenues, it is considered necessary that further substantial economies should be made. It is proposed therefore that the original allotments to departments of the votes for controllable services should, when supply is released in the new fiscal year, be so modified that ten per cent of the total, or approximately $14,000,000, will be withheld. This saving cannot be achieved by a uniform deduction from all services. The percentage may be smaller in some and larger in others, but the object in view will be to so adjust expenditures that this further economy will be effected with the minimum disturbance to personnel and to essential public services.

It is perhaps hardly necessary to say that such a measure will entail not only the earnest cooperation of employees of the civil service, but also a measure of forbearance on the part of the public generally. Recently, the Treasury Board appointed a committee of officials to review and report upon the cost of government printing and stationery with a view to the formulation of regulations and procedure which would, with an effective cooperation from the civil service, as well as the public, result in substantial savings in that direction. There are other avenues for improved and economical administration which it will be necessary to explore.

In this connection, I may say that with respect to pensioners who are in the employ of the government and who are paid the salary of the position, action will be taken whereby the payment of pension will be suspended during the period of such employment. Where the full salary of the position is not paid, the pension payment may not exceed the amount of the difference between salary received and the established salary of the position. If the pension is greater than the salary, the employee shall elect either to be paid the pension and relinquish the position, or to retain the position and have the pension withheld during the period of such employment. This will be made applicable not only to the government service but also to boards or commissions whose activities are financed from the dominion treasury.

Not only in the government services, but also in the budgets of the railways and other bodies financed by the dominion, are we endeavouring to meet the exigencies of the day. Economies instituted by the Canadian National Railways in the course of the year 1932 will be fully reflected in the 1933 operations. Last week this house gave second reading to the legislation to make effective the recommendations of the Royal Commission on Railways and Transportation, under the provisions of which additional large savings should, in course of time, be attained. Mention may also be made of the proposed legislation relating to the administration and control of our national ports, based upon the report of Sir Alexander Gibb. The measures for coordination of administration and more effective control and supervision of capital expenditures, may be expected to afford further relief to the dominion treasury.

After making allowance for this estimated reduction of $14,000,000, ordinary expenditures will be approximately $68,000,000 in excess of revenues estimated on present rates and yield. Accordingly it is proposed to recommend measures which will, it is anticipated, produce at least $70,000,000 on the basis of present business conditions, leaving a surplus of $2,000,000. Even a slight improvement in price levels and the general volume of business would increase substantially the surplus to be applied agairst capital and

special expenditures. Capital expenditures for the coming year are estimated at $7,166,000. It is difficult at this time to make a precise estimate of special expenditures, but in view of the practical completion of public works projects for which commitments had been made under the 1930 and 1931 relief acts, it is clear that the total should be substantially less than during the present fiscal year. Special expenditures and non-active advances will probably not exceed $35,000,000.

If business conditions do not improve, estimated revenues will not cover these special expenditures for unemployment relief nor the Canadian National Railways deficit, estimated at $47,941,000. It is nevertheless the considered view of the government that the reduction in expenditures for the ordinary public services outlined above, and the proposed increases in taxation represent as drastic a fiscal program as should be contemplated at the moment although further proposals with respect to the railway deficit are subject to review before the close of the session.

Income Tax

It is proposed to raise the rate of taxation on incomes of corporation and joint stock companies to 12½ per cent, and to remove the exemption of $2,000 in respect of such incomes. Where a corporation files a consolidated return of its own income and the income of its subsidiaries, the rate of tax is to be 13½ per cent. The surcharge of 5 per cent of the amount of tax otherwise payable in respect of corporation incomes in excess of $5,000 is to be absorbed into the new rate.

In respect of the tax on personal incomes, the statutory exemption, where heretofore $2,400 will be reduced to $2,000, and where heretofore $1,200 will be reduced to $1,000. The exemption for dependent children is to be lowered from $500 to $400. The exemption for parents, grandparents, brothers and sisters, is to be the actual amount expended up to a maximum of $400. The surcharge of 5 per cent in respect of personal incomes in excess of $5,000 will be continued.

A new schedule of rates will be inserted in the act applicable to all incomes in excess of the exemptions and allowances. The changes in the exemptions and in the rates of tax will apply to incomes of 1932. The following statement indicates the proposed increase in taxation in the case of a married person without dependents at various amounts of income:

[Mr. Rhodes.]

Schedule Showing Taxes Payable on Certain Incomes under the present rates and under the proposed rates with an Exemption of $2,000 for Married Persons and $1,000 for Single Persons and commencing the first $1,000 of Taxable Income at 3%.

Married Person, No Dependent

Income	Present Tax	Proposed Tax	Increase
	$ cts.	$ cts.	$ cts.
2,000	.....	.....	.....
2,100	.....	3 00	3 00
2,200	.....	6 00	6 00
2,300	.....	9 00	9 00
2,400	.....	12 00	12 00
2,500	2 00	15 00	13 00
2,600	4 00	18 00	14 00
2,700	6 00	21 00	15 00
2,800	8 00	24 00	16 00
2,900	10 00	27 00	17 00
3,000	12 00	30 00	18 00
4,000	32 00	70 00	38 00
5,000	58 00	120 00	62 00
6,000	98 70	189 00	90 30
7,000	147 00	262 50	115 50
8,000	205 80	346 50	140 70
9,000	275 10	441 00	165 90
10,000	354 90	546 00	191 10
11,000	445 20	661 50	216 30
12,000	546 00	787 50	241 50
13,000	657 30	924 00	266 70
14,000	779 10	1,071 00	291 90
15,000	911 40	1,228 50	317 10
16,000	1,054 20	1,396 50	342 30
17,000	1,207 50	1,575 00	367 50
18,000	1,371 30	1,764 00	392 70
19,000	1,545 60	1,963 50	417 90
20,000	1,730 40	2,173 50	443 10
25,000	2,788 80	3,349 50	560 70
30,000	3,918 60	4,588 50	669 90
35,000	5,100 90	5,880 00	779 10
40,000	6,335 70	7,224 00	888 30
45,000	7,623 00	8,620 50	997 50
50,000	8,962 80	10,069 50	1,106 70
55,000	10,355 10	11,571 00	1,215 90
60,000	11,799 90	13,125 00	1,325 10
65,000	13,297 20	14,731 50	1,434 30
70,000	14,847 00	16,390 50	1,543 50
75,000	16,449 30	18,102 00	1,652 70
80,000	18,104 10	19,866 00	1,761 90
85,000	19,811 40	21,682 50	1,871 10
90,000	21,571 20	23,551 50	1,980 30
95,000	23,383 50	25,473 00	2,089 50
100,000	25,248 30	27,447 00	2,198 70
110,000	29,108 10	31,521 00	2,412 90
120,000	33,072 90	35,700 00	2,627 10
130,000	37,142 70	39,984 00	2,841 30
140,000	41,317 50	44,373 00	3,055 50
150,000	45,597 30	48,867 00	3,269 70
175,000	56,597 10	60,396 00	3,798 90
200,000	67,859 40	72,187 50	4,328 10
225,000	79,384 20	84,241 50	4,857 30
250,000	90,934 20	96,558 00	5,623 80
275,000	102,721 50	109,137 00	6,415 50
300,000	114,534 00	121,978 50	7,444 50
325,000	126,583 80	135,082 50	8,498 70
350,000	138,658 80	148,449 00	9,790 20
375,000	150,971 10	162,078 00	11,106 90
400,000	163,308 60	175,969 50	12,660 90
450,000	188,483 40	204,298 50	15,815 10
500,000	214,183 20	233,152 50	18,969 30
600,000	266,658 00	291,931 50	25,273 50
700,000	319,158 00	350,731 50	31,573 50
800,000	371,658 00	409,531 50	37,873 50
900,000	424,158 00	468,331 50	44,173 50
1,000,000	476,658 00	527,131 50	50,473 50

It is felt that higher rates of taxation could not reasonably be imposed, bearing in mind not only the depleted incomes out of which the tax must be paid but also the fact that in some provinces the same incomes will be subjected to further levies for provincial and/or municipal purposes.

In order to ensure that income from bearer coupons does not escape taxation, it is proposed that all bearer coupons must have attached thereto a duly completed ownership certificate disclosing certain necessary information with respect to the owner of such coupons. The ownership certificates attached to the coupons will be forwarded by the paying agents to the debtor corporations which will be required to segregate them and to file them with the commissioner of income tax under a covering form.

A tax of 5 per cent is to be imposed at the source on all interest or dividends paid by Canadian debtors to non-residents of Canada. In this connection I may remind you that the Dominion Income Tax Act contains a section providing for a credit to Canadian residents in respect of taxes paid abroad, provided that other countries grant reciprocal allowances. Similar provision is contained in the tax legislation of those countries in which there reside any considerable number of persons who would be affected by this new impost.

A tax of 5 per cent is also to be imposed at the source on all interest or dividends received by way of bearer coupons or cheques by Canadian residents where such coupons or cheques are payable, by Canadian debtors, optionally or otherwise in foreign currencies, and such coupons or cheques are cashed in a currency which is at a premium over par of Canadian funds.

The Income War Tax Act will also be subject to other amendments of a minor character, designed primarily to strengthen its administrative provisions.

Sales Tax

The sales tax will remain at 6 per cent as at present. Additional revenue will be derived from a limited adjustment of the exempt and partially exempt list, in the case of a number of articles not primary products which it is believed should, under present conditions, carry a proportionate share of the tax burden. The chief items to be taken from the exempt list are materials and non-permanent equipment entering into the manufacture of goods subject to the sales tax, fuel oil, molasses, corn syrup and sugar cane syrup, cleaned rice, sago and tapioca, certain other processed foodstuffs, and certain types of machinery and appliances.

All items included in schedule IV of the Special War Revenue Act, now taxable at 3 per cent, will be subject to tax at the full rate of 6 per cent, with the exception of articles manufactured or produced by the labour of the blind in institutions in Canada established for their care or under the control or direction of such institutions.

Excise Taxes

Special excise taxes will be levied on the following products at the rates specified; cosmetics and toilet preparations, 10 per cent on the duty paid value, when imported, or the manufacturer's sale price, when manufactured in Canada; automobile tires and tubes, 5 per cent on the duty paid value or the manufacturer's sale price; cigarette papers, in sheets, packaged or not, imported into or manufactured in Canada, 2 cents per hundred leaves; and cigarette tubes, imported into or manufactured in Canada, 5 cents per fifty tubes. In the two last-named cases the tax will be collected by requiring the importer or manufacturer to affix stamps to the packages of paper or tubes.

A special excise tax of 2 cents per pound will also be levied on all refined sugar imported into or refined in Canada. In announcing this tax, however, I call attention to the fact that the government has refrained from imposing any special excise tax on tea, coffee or other similar commodity of general consumption.

It is also proposed to levy an excise tax of 25 cents per gallon on unfermented wort and an excise tax of 50 cents per pound on malt syrup or malt syrup powder, extracts of malt, fluid or not, or any other malt product intended for the brewing of beer.

The provisions of the Special War Revenue Act exempting from the stamp tax, cheques, receipts to banks, money orders, travellers' cheques and post office money orders where such instruments are for an amount not exceeding $5 will be repealed, except in the case of creamery tickets or cheques. The stamp tax on postal notes will be raised from 1 to 3 cents. When matches are put up in books or packages containing less than twenty-one matches, excise tax will be payable at the rate of 3/20ths of one cent per package.

Other amendments to the Special War Revenue Act will include a provision exempting from the note circulation tax the notes of a Canadian chartered bank specially issued to circulate in any British colony or possession other than Canada, to the extent that they are subject to tax by or under the laws of such colony or possession.

Excise Duties

The excise duty on distilled spirits used in the manufacture of proprietary medicines, extracts, essences, perfumed spirits, and pharmaceutical preparations will be raised to $2.50 per proof gallon. An excise duty of $1 per proof gallon will also be imposed on spirits distilled from the juices of native fruits for use by registered wine manufacturers in fortifying native wines.

Customs Tariff

In the early stages of this session, in order to implement agreements entered into at the Imperial Economic conference, amendments were effected involving 260 items of our tariff schedules.

Recently, a tariff board was established. In these circumstances, it is deemed undesirable to propose, either in whole or in part, any major revision.

Certain amendments of a minor character, some 57 in number, are submitted. These may be sub-divided as follows:

Clarifications of wording	21
Reductions under all tariffs	15
Reductions under British preferential tariff	3
Reductions under intermediate and general tariffs	12
Increases under intermediate and general tariffs	5
Increases under British preferential tariff	1
	57

The rates in our tariff schedules were made having in mind parity of exchange. Consequently when the pound sterling became depreciated, it was necessary to value it for purposes of special or dumping duty at $4.40, in order to offset in part the advantage which the British exporter obtained in our markets as a result of the depreciated pound. After careful examination, it is believed that under present conditions this valuation can be lowered with safety. I am therefore pleased to announce that, effective to-morrow, the value of the pound sterling for this purpose will be $4.25.

The government has given most careful consideration to the problems with which our agricultural and fishing interests are confronted in selling their products in countries with depreciated and fluctuating currencies. As a result it is proposed to establish a fund to be known as the agricultural stabilization fund.

From it there will be paid to exporters to the British market the difference between the price actually received and the pound sterling valued at $4.60. In other words, to the extent that the pound sterling falls below $4.60 the difference will be made good from this fund.

This will apply to the following commodities: animals, meats (including bacon and hams), poultry, fresh fish, canned fish, tobacco, cheese, milk products, canned fruits, canned vegetables, maple products, eggs and honey.

The direct result of this policy will mean increased returns to producers, and it is believed that the indirect returns will be even greater. To-day the exporter has to insure himself against losses arising from fluctuations in currency, and this insurance can only be secured at the expense of the producer through the payment to him of the lowest possible price. With an assured fixed and certain cash return the exporter can afford to pay the producer the full value of his product. There remains the additional advantage that as exports are stimulated there would follow improved prices in the home market. Appropriate measures will be taken to give effect to this policy.

It is fully recognized that the additional measures of taxation will involve further sacrifices and the assumption of further burdens by individuals, commerce and industry. Four years of stress and strain resulting from a world depression of unparalleled magnitude cannot but make these burdens more difficult to bear. Nevertheless, it is of paramount importance that as to current expenditures at least we should live within our income. We cannot do less and preserve our national credit. Should that be impaired it would be found that the ultimate sacrifice involved in the effort to restore it would be many times greater.

It has been urged in many quarters that we should balance our budget to the extent of providing currently for the additional expenditures we must make to provide for deficits of the Canadian National Railways and for unemployment relief. Beyond question this would be the ideal course. But to attempt to pursue it under existing conditions would—in my judgment—not only place an unbearable burden upon the taxpayer of to-day, but would as well retard that recovery of business and industry which is essential to our future well-being.

With a slight improvement in business our present taxation will produce an expanding revenue sufficient to provide a margin beyond our current needs. Furthermore as conditions improve the drain upon the treasury for the national railways and unemployment relief will, at the same time, automatically diminish. With expanding revenue upon the one hand

and lessening demands upon the other, we can approach gradually and in orderly manner that goal which we must determine to attain at the earliest possible moment, namely, to pay our way year by year, and contemplate a reduction rather than an increase in our national debt. Meantime it is not unreasonable to spread over a period of years the exceptional burden imposed upon us by the unusual severity of existing world conditions.

That conditions throughout the world are grave it would be idle to deny. That we have our own serious problems to solve is beyond question. At the same time we have no occasion to despair for the future, on the contrary I am of the firm belief that we can look forward with complete confidence to better and happier days. We still retain the same rich and varied resources, we are still blessed with those qualities of resourcefulness which are a heritage from our sturdy pioneer forbears. As we have overcome all obstacles which in the past have bestrewn our national path, so will we continue to overcome those which lie ahead.

Mr. Speaker, I beg to give notice that when we are in committee of ways and means I shall move the following resolutions:

Resolutions to Amend the Customs Tariff

1. Resolved, That the Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended by chapter thirty-nine of the Acts of 1929, chapter thirteen of the Acts of 1930, (first session), chapter three of the Acts of 1930 (second session), and chapter thirty of the Acts of 1931, be further amended by adding to Section six thereof the following subsection:—

(9) Notwithstanding the provisions of any other law, the Governor in Council may from time to time and as occasion requires 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 depreciated, and in case a sum in Canadian currency less than the invoice value of the goods in the currency of the place or country of export, computed at the rate of exchange so ordered, be paid for the goods, the actual selling price of the goods to the importer shall be regarded as less than the fair market value of the goods when sold for home consumption, and the provisions of this Section shall apply and special or dumping duty shall apply equal to the difference between the value of the invoice computed at the current rate of exchange or at the average current rate from time to time fixed by order of the Governor in Council, and the value of such invoice, computed at the rate of exchange for duty so ordered as aforesaid, or may be less than such difference as the Governor in Council may from time to time order and direct; and the Governor in Council may order and direct that in all cases of sales or consignments of goods imported into Canada, where the importer owns, controls or is interested in the business of the exporter, or the exporter owns, controls or is interested in the business of the importer, or the importer and exporter operate under a controlling or holding company, notwithstanding the expressed terms of the sale or consignment, the transaction shall be regarded as a sale and the actual selling price to the purchaser in Canada shall be taken to be the value of the goods in the currency of the place or country of export converted into Canadian currency at the current rate of exchange, or at the average current rate from time to time fixed by order of the Governor in Council, and shall be regarded as less than the fair market value of the goods when sold for home consumption and the provisions of this Section shall apply and special or dumping duty shall be deemed to apply equal to the difference between the value of the invoice computed at the current rate of exchange or at the average current rate from time to time fixed by order of the Governor in Council, and the value of such invoice computed at the rate of exchange for duty so ordered as aforesaid, or may be less than such difference as the Governor in Council may from time to time order and direct.

Any order in council made hereunder may be varied, extended or revoked at any time by the Governor in Council.

This subsection shall be deemed to have had effect from and after the first day of September, 1931.

2. Resolved, That Schedule A to the Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended by chapter seventeen of the Acts of 1928, chapter thirty-nine of the Acts of 1929, chapter thirteen of the Acts of 1930 (first Session), chapter three of the Acts of 1930 (second Session), chapter thirty of the Acts of 1931, chapter forty-one of the Acts of 1932, and chapter six of the Acts of 1932-33, be further amended by striking thereout tariff items 79, 99c, 101, 123a, 157a, 173, 194, 203a, 203b, 206a, 208, 208e, 208o, 209, 210e, 278, 315, 315a, 316, 327, 353, 366b, 385a, 409j, 409q, 417, 438b, 438d, 445c, 471, 475, 476a, 485, 520c, 568, 571, 682a, 756, 783, and 799, the several enumerations of goods respectively and several rates of duties of customs, if any, set opposite each of 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	Present Rates		
					B.P. Tariff	Int. Tariff	Gen. Tariff
79	Florist stock, viz.:—Azaleas, rhododendrons, pot-grown lilacs, rose stock and other stock for grafting, seedling carnation stock, araucarias, bulbs, corms, tubers, rhizomes and dormant roots, n.o.p.	Free	15 p.c.	20 p.c.	Free	15 p.c.	20 p.c.
79c	Seedling stock for grafting, viz.:—Plum, pear, peach and other fruit trees	Free	Free	Free	Free	15 p.c.	20 p.c.
99c	Raisins and Dried Currants:—						
	(i) Until July 31, 1934.....per pound	Free	4 cts.	4 cts.	Free	4 cts.	4 cts.
	(ii) Thereafter.....per pound	Free	3 cts.	3 cts.	Free	3 cts.	3 cts.
	When in packages weighing two pounds each, or less, the weight of such packages to be included in the weight for duty.						
101	Oranges, n.o.p.....per cubic foot	Free	35 cts.	35 cts.	Free	35 cts.	35 cts.
101b	Oranges, the produce of Palestine (when imported direct from the country of growth and production) during the months of January, February, March and April	.....	.....	Free	.....	35 cts.	35 cts.
123a	Crabs, clams or shrimps in sealed containers	17½ p.c.	40 p.c.	40 p.c.	17½ p.c.	27½ p.c.	30 p.c.
157a	Amyl alcohol or refined fusel oil, when imported by the Department of National Revenue or by a person licensed by the Minister, to be denatured for use in the manufacture of metal varnishes or lacquers, to be entered at ports prescribed by regulations of the Minister, subject to the Excise Act and to the regulations of the Department of National Revenue	Free	Free	Free	Free	25 cts. per gal.	25 cts.
173	Books and Cards, including playing cards, embossed or grooved, for the blind; and books for the instruction of the deaf, dumb or blind; maps and charts for the use of schools for the blind	Free	Free	Free	Free 5 cts.	Free 7 cts.	Free 8 cts.
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.	5 cts. 15 p.c.	7 cts. 22½ p.c.	8 cts. 22½ p.c.
203a	Chemical compounds composed of two or more acids or salts soluble in water, adapted for dyeing or tanning	Free	10 p.c.	10 p.c.	Free	10 p.c.	10 p.c.
	Provided, that when such chemical compounds, are permitted Free entry into the United Kingdom, by license, under Section (2) of the Dye-Stuffs Act (1920) the rates of duty shall be.....	Free	Free	Free			

203b	Aniline and coal tar dyes, soluble in water, in bulk or packages of not less than one pound weight.....	Free	10 p.c.	10 p.c.	Free	10 p.c.	10 p.c.
	Provided, that when such dyes are permitted Free entry into the United Kingdom, by license, under Section (2) of the Dye-Stuffs Act (1920) the rates of duty shall be.....	Free	Free	Free			
206a	Bacteriological products, or serum for sub-cutaneous injection.....	Free	Free	Free	Free	20 p.c.	20 p.c.
208	Boracic acid and borax in packages of not less than twenty-five pounds weight; hydro-fluosilicic acid; tannic acid; ammonia, sulphate of; cyanide of potassium; cyanide of sodium and cyanogen bromide; antimony salts, viz.: tartar emetic, chloride and lactate (antimonine); arsenous oxide; precipitate of copper (crude); verdigris or sub-acetate of copper, dry; sulphur and brimstone, crude or in roll or flour; argols; iodine, crude; bromine; sulphide of arsenic; carbon bisulphide.....	Free	Free	Free	Free	Free	Free
208e	Cresylic acid and compounds of cresylic acid, used in the process of concentrating ores, metals or minerals	Free	15 p.c.	15 p.c.	Free	15 p.c.	15 p.c.
208o	(i) Cream of Tartar in crystals.....	Free	10 p.c.	10 p.c.	Free	10 p.c.	10p .c.
	(ii) Tartaric Acid crystals.....	Free	Free	Free	Free	10 p.c.	10 p.c.
208u	Xanthates, for use in the process of concentrating ores, metals or minerals.....	Free	Free	Free	Free	15 p.c.	15 p.c.
209	Potash, muriate and sulphate of, crude; saltpetre or nitrate of potash.....	Free	Free	Free	Free	Free	Free
209d	Potash, chlorate of, not further prepared than ground. on and after July 31, 1933.....	Free	Free	Free	Free	Free	Free
		Free	15 p.c.	20 p.c.			
210e	Nitrate of Soda or cubic nitre when imported for use as a fertilizer, or in the curing or pickling of meats, or when imported by manufacturers of explosives for use exclusively in their own factories in the manufacture of explosives.....	Free	Free	Free	Free	Free	Free
					Free	15 p.c.	20 p.c.
278	Oils, viz.:—Cocoanut, palm and palm kernel, not edible, for manufacturing soap; carbolic or heavy oil.....	Free	10 p.c.	10 p.c.	Free	10 p.c.	10 p.c.
278d	Olive Oil for manufacturing soap or tobacco, or for canning fish.....	Free	Free	Free	Free	10 p.c.	10 p.c.
315	Carbons or carbon electrodes over three inches in circumference or outside measurement and not exceeding thirty-five inches in circumference or outside measurement; carbons of a class or kind not produced in Canada, when imported for use in the manufacture of dry batteries and dry cells.....	Free	Free	Free	Free	Free	Free
315a	Carbons or carbon electrodes exceeding thirty-five inches in circumference or outside measurement...	Free	20 p.c.	20 p.c.	Free	20 p.c.	20 p.c.
316	Electric light and arc carbons, pointed or not, and contact carbons, n.o.p.....	22½ p.c.	32½ p.c.	35 p.c.	22½ p.c.	32½ p.c.	35 p.c.
	and.....per pound.....		20 cts.	20 cts.			

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B.P. Tariff	Int. Tariff	Gen. Tariff
327	Spectacles; eyeglasses, and ground or finished spectacle or eyeglass lenses, n.o.p.	20 p.c.	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
327a	Contact eyeglasses or lenses, designed to be worn in direct contact with the human eye, under the lid	Free	Free	Free	20 p.c.	27½ p.c.	30 p.c.
353	Aluminum and alloys thereof, crude or semi-fabricated, viz.: Pigs, ingots, blocks, notch bars, slabs, billets and blooms; bars, rods and wire; angles, channels, beams, tees and other rolled or drawn sections and shapes; pipes and tubes; plates, sheets and strips, including circles; leaf or foil, less than ·005 inch in thickness, plain or embossed, with or without backing; wire and cable, twisted or stranded, reinforced with steel or not; aluminum powder	Free	30 p.c.	30 p.c.	Free	30 p.c.	30 p.c.
353a	Aluminum scrap	Free	Free	Free	Free	30 p.c.	30 p.c.
	Provided, that nothing shall be deemed to be aluminum scrap except waste or refuse aluminum, fit only to be remelted.						
366b	Parts of watch movements, finished or unfinished...	Free	15 p.c.	15 p.c.	Free	15 p.c. (Plates according to component materials)	15 p.c.
	Provided, that when imported under the Intermediate or General Tariffs, the duty on plates designed to hold in place four or more wheels or other moving parts shall be not less than, per plate	.....	10 cts.	15 cts.			
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...	Free	20 p.c.	20 p.c.	Free 7½ p.c.	20 p.c. 20 p.c.	20 p.c. 20 p.c.
409j	Fanning mills; peaviners; corn husking machines; threshing machine separators, including wind stackers, baggers and self-feeders therefor; complete parts of all the foregoing	Free	15 p.c.	25 p.c.	Free	15 p.c.	25 p.c.
409q	Complete parts for repairs, under regulations prescribed by the Minister:—						
	(i) For the implements or machinery enumerated in tariff items 409c, 409e, 409f, 409g, 409j, 409o, 409p and 439c	Free	10 p.c.	10 p.c.	Free	10 p.c.	10 p.c.
	(ii) For the implements or machinery enumerated in tariff item 409b	Free	7½ p.c.	7½ p.c.	Free	7½ p.c.	7½ p.c.
	(iii) For the implements or machinery enumerated in tariff item 409d	Free	6 p.c.	6 p.c.	Free	6 p.c.	6 p.c.

	(iv) For the implements or machinery enumerated in tariff items 409h and 409n	Free	10 p.c.	15 p.c.	Free	10 p.c.	15 p.c.
	(v) For the implements or machinery enumerated in tariff item 409k	Free	17½ p.c.	17½ p.c.	Free	17½ p.c.	17½ p.c.
409r	Weighers for use as parts of threshing machine separators, and complete parts thereof	Free	10 p.c.	10 p.c.	Free	15 p.c.	25 p.c.
417	Machinery and complete parts thereof, and structural iron and steel, of a class or kind not made in Canada, when imported for use exclusively in the construction or equipment of factories for the manufacture of sugar from beet-root, under regulations prescribed by the Minister	Free	Free	Free	Free	Free	Free
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	Free	10 p.c.	15 p.c.	15 p.c.	25 p.c.	30 p.c.
438b	Automobiles for conveying passengers only, n.o.p., valued at retail at place of production, when new, with standard equipment complete, at not more than twelve hundred dollars each; motor trucks with standard equipment (not for use on railways or tramways), not to include machines or other articles mounted thereon or attached thereto for purposes other than for loading or unloading the truck; chassis for motor vehicles specified in this item	Free	17½ p.c.	20 p.c.	Free	17½ p.c.	20 p.c.
438d	Horns, distributors, instrument board lamps, oil gauges, gasoline gauges and parts thereof, thermostats, oil filters, carburetors, purifiers for oil, purifiers for air, lock washers, speedometers and parts thereof, vacuum tanks, fuel pumps and parts thereof, composite gaskets of metal and asbestos, steering wheels and rims therefor, one piece welded axle housings, machined or not, instrument bezel assemblies, dash heat indicators, electric ignition locks, steering gear locks, transmission locks, or combinations of such locks, and parts thereof, cylinder lock barrels and keys, bearing spring shackles and automatic radiator shutter assemblies, ammeters, radiator shells, body cowls, and body stampings of metal, including front, rear, side and door stampings, not further manufactured than welded or riveted for shipping purposes, all the foregoing being of a class or kind not made in Canada, when imported by manufacturers of goods enumerated in tariff items 438a, 438b, 438c, 438e and 438f, for use only as original equipment in the manufacture of motor vehicles enumerated in Tariff Items 438a, 438b, 438c and 438f	Free	Free	Free	Free 15 p.c. 15 p.c.	Free 25 p.c. 27½ p.c.	Free 27½ p.c. 35 p.c.

[Mr. Rhodes.]

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B.P. Tariff	Int. Tariff	Gen. Tariff
438h	Annular ball bearings and parts thereof, when imported for use in the manufacture of goods enumerated in tariff items 438a, 438b, 438c, 438e and 438f, for use only as original equipment in the manufacture of motor vehicles enumerated in tariff items 438a, 438b, 438c and 438f, under regulations prescribed by the Minister	Free	Free	Free	Free	Free	Free
440n	Complete parts for repair of engines enumerated in tariff item 440m	Free	12½ p.c.	15 p.c.	10 p.c.	25 p.c.	27½ p.c.
445c	(i) Electric telegraph apparatus and complete parts thereof	Free	25 p.c.	30 p.c.	Free	25 p.c.	30 p.c.
	(ii) Electric telephone apparatus and complete parts thereof	10 p.c.	25 p.c.	30 p.c.	Free	25 p.c.	30 p.c.
445j	Electric dry shaving machines, of a class or kind not made in Canada, for use in removing human hair	Free	10 p.c.	10 p.c.	15 p.c.	27½ p.c.	35 p.c.
464b	Steel die-blocks, of a class or kind not made in Canada, not less than forty-four degrees of hardness by scleroscopic test	Free	Free	Free	15 p.c.	27½ p.c.	35 p.c.
471	Belt pulleys of all kinds, n.o.p., for power transmission	15 p.c.	25 p.c.	27½ p.c.	15 p.c.	25 p.c.	27½ p.c.
471a	Pressed steel belt pulleys, for power transmission	Free	25 p.c.	27½ p.c.	15 p.c.	25 p.c.	27½ p.c.
475	Stereotypes, electrotypes and celluloids of books, and bases and matrices and copper shells for the same, whether composed wholly or in part of metal or celluloid; positive and negative films of books	Free	Free	Free	Free 15 p.c.	Free 32½ p.c.	Free 40 p.c.
476a	Glassware and other scientific apparatus for laboratory work in public hospitals; surgical operating tables and complete parts thereof; apparatus for sterilizing purposes, including bedpan washers and sterilizers but not including washing or laundry machines; all for the use of any public hospital, under regulations prescribed by the Minister	Free	Free	Free	Free 15 p.c.	Free 27½ p.c.	Free 35 p.c.
485	Metal caps, for use in the manufacture of electric batteries	Free	Free	Free	Free 15 p.c.	Free 27½ p.c.	Free 35 p.c.
486	Artificial Larynx, for use in restoring speech	Free	Free	Free	15 p.c.	27½ p.c.	35 p.c.
520c	Linters of short fibres of cotton, bleached, and cotton pulp, when imported by manufacturers of paper, for use exclusively in their own factories in the manufacture of blotting or other grade of paper	Free	10 p.c.	12½ p.c.	Free 7½ p.c.	22½ p.c. 10 p.c.	25 p.c. 12½ p.c.

522b	Yarns, wholly of cotton, coarser than number forty but exceeding number twenty, not more advanced than singles, when imported by manufacturers for use exclusively in their own factories in the manufacturing of cotton sewing thread and crochet, knitting, darning and embroidery cottons	7½ p.c.	15 p.c.	20 p.c.	12½ p.c. and 2 cts. per pound	15 p.c. and 3½ cts. per pound	22½ p.c. and 4 cts. per pound
523d	Woven fabric, wholly of cotton, imported for use as billiard cloth	Free	27½ p.c. and 3½ cts. per pound	32½ p.c. and 4 cts. per pound	22½ p.c. and 2 cts. per pound	27½ p.c. and 3½ cts. per pound	32½ p.c. and 4 cts. per pound
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	Free	30 p.c.	35 p.c.	25 p.c. and 2 cts. per pound	30 p.c. and 3½ cts. per pound	35 p.c. and 4 cts. per pound
568	Knitted garments, knitted underwear and knitted goods, n.o.p.	25 p.c.	35 p.c. and 25 cts. per pound	45 p.c. and 30 cts. per pound	25 p.c.	25 p.c.	45 p.c.
571	Carpeting, rugs, mats and matting of straw, hemp, flax tow, jute or paper; carpet lining and stair pads	15 p.c.	22½ p.c.	25 p.c.	15 p.c. 30 p.c. and 5 cts. per square foot	22½ p.c. 35 p.c. and 15 cts. per square foot	25 p.c. 40 p.c. and 20 cts. per square foot
682a	Net floats of aluminum, glass or cork, of a class or kind not made in Canada, for use only in deep-sea or lake fishing, not to include floats for sportmen's use	Free	Free	Free	Free	Free	Free
756	Artificial abrasive grains, crushed or ground, when imported for use in Canadian manufactures	Free	Free	Free	Free Free	Free 17½ p.c.	Free 20 p.c.
783	Gasoline and steam engines, transmission assemblies and parts thereof, magnetos, starting motors, electric generators, propeller shafts, steel chassis frames, brakes, clutches, brake and clutch controls, steel road wheels, steel rims for pneumatic tires, larger than thirty inches by five inches, steering gears and front and rear axles, all of a class or kind not made in Canada, when imported by manufacturers of motor trucks with standard equipment (not for use on railways or tramways), not to include machines or other articles mounted thereon or attached thereto for purposes other than for loading or unloading the truck, for use only in the manufacture of such motor trucks	Free	17½ p.c.	20 p.c.	Free	17½ p.c.	20 p.c.

3. Resolved, That Schedule B to the Customs Tariff, being Chapter forty-four of the Revised Statutes of Canada, 1927, be amended by inserting therein the following Item, enumeration and rates of drawback of customs duties:—

Item No.	Goods	When Subject to Drawback	Portion of Duty (Not including special Duty or Dumping Duty) Payable as Drawback
1063	Materials, including all parts.....	When used in the manufacture of engines for use exclusively in the equipment of aircraft.....	60 p.c.

4. Resolved, That Schedule C to the Customs Tariff, being Chapter forty-four of the Revised Statutes of Canada, 1927, be amended by deleting therefrom Item 1215 and by inserting in said Schedule C the following Items:—

1215 Used or second hand automobiles and motor vehicles of all kinds, manufactured prior to the calendar year in which importation into Canada is sought to be made.
Provided, that this Item does not affect in any manner automobiles and motor vehicles,—
(a) Imported under Tariff Items 702, 705a, 706, 707 or 708, or under tourists' or travellers' vehicle permits;
(b) Imported by a *bona fide* settler on a first arrival but not entitled to entry free of duty under Tariff Item 705a;
(c) *Bona fide* purchased on or before the first day of June, one thousand nine hundred and thirty-one, by consumers for their own use and not for resale;
(d) Forfeited or confiscated for any offence under the Customs laws, or the laws of any province of Canada;
(e) Left by bequest.

1216 Used or second-hand aeroplanes and aircraft of all kinds.
Provided, that this Item does not affect in any manner aeroplanes and aircraft,—
(a) Imported under tariff Items 707 or 708, or engaged solely in international traffic, or brought in by non-resident tourists for temporary use under permit issued by the Department of National Revenue;
(b) *Bona fide* purchased on or before the twenty-second day of March, one thousand nine hundred and thirty-three, by consumers for their own use and not for resale;
(c) Forfeited or confiscated for any offence under the Customs laws, the Air Regulations or the laws of any province of Canada;
(d) Imported by the Department of National Defence for military purposes.

5. Resolved, That any enactment founded upon Resolutions 2, 3 and 4 of the foregoing Resolutions to amend the Customs Tariff or Schedules thereto, shall be deemed to have come into force on the twenty-second day of March, one thousand nine hundred and thirty-three, and to have applied to all goods mentioned in the foregoing Resolutions imported or taken out of warehouse on and after that date, and to have applied to goods previously imported for consumption for which no entry for consumption was made before that date.

EXCISE ACT

Resolved, That it is expedient to introduce a measure to amend the Excise Act, chapter sixty of the Revised Statutes of Canada, 1927, and to provide:—

1. (i) That section one hundred and forty-nine of the said Act, as amended by chapter eight of the Statutes of 1932, be amended by providing that the rate of excise duties set out by the second paragraphs (a), (b) and (c) of the said section be fixed at two dollars and fifty cents per gallon of the strength of proof on spirits used in the manufacture of patent and proprietary medicines, extracts, essences, perfumed spirits, and pharmaceutical preparations manufactured in bond, instead of $2.40, $2.42 or $2.43 as set out in the said paragraphs:

"(ii) That said section one hundred and forty-nine be further amended by adding thereto the following subsection as subsection two thereof:

"(2) There shall be imposed, levied and collected on all spirits distilled from the juices of native fruits for use exclusively by registered wine manufacturers under prescribed regulations, a special excise duty as follows:

On every gallon of the strength of proof by Sykes' hydrometer, one dollar and so in proportion for any greater or less strength than the strength of proof and for any less quantity than a gallon, and the said duty shall be payable by the registered wine manufacturer at the time such spirits are taken out of warehouse."

2. That subsection two of section one hundred and fifty of the said Act be amended by repealing paragraphs (a), (b) and (c) thereof and substituting therefor the following:

"On every gallon of the strength of proof by Sykes' hydrometer, two dollars and fifty cents, and so in proportion for any greater or less strength than the strength of proof and for any less quantity than one gallon."

thereby increasing to a flat rate of two dollars and fifty cents the duties already imposed at

$2.40, $2.42 and $2.43 as the case may be on spirits used by licensed druggists in the manufacture or preparation of medicines, etc.

3. That any enactment founded on the foregoing paragraphs of this Resolution shall be deemed to have come into effect on the twenty-second day of March, one thousand nine hundred and thirty-three, and to have applied to all goods taken out of warehouse for consumption on and after that date.

SPECIAL WAR REVENUE ACT

Resolved, That it is expedient to amend The Special War Revenue Act, chapter one hundred and seventy-nine of the Revised Statutes of Canada, 1927, as amended by chapter fifty of the Statutes of 1928, chapter fifty-seven of the Statutes of 1929, chapter forty-three of the Statutes of 1930, chapter fifty-four of the Statutes of 1931 and chapter fifty-four of the Statutes of 1932, and to provide:

1. That section four of the said act be amended to provide that notes of a bank in circulation in any British colony or possession other than Canada, under the authority of section sixty-two of the Bank Act and in respect of which taxation is levied and payable by or under the laws of such colony or possession, shall be exempt from the taxation required to be made under sections three and four of the said Act, provided that if the tax imposed by or under such laws is less than the tax imposed under section three of the said Act the amount of such exemption shall not exceed the amount required to be paid by or under the laws of such colony or possession in respect of such notes.

2. That the provisions exempting from the stamp tax cheques, receipts to banks, money orders, travellers' cheques and post office money orders, where such instruments are for an amount not exceeding $5 be repealed, except in the case of cheques issued by butter or cheese factories to producers of milk or cream.

3. That section seventy of the said Act, as enacted by chapter fifty-four of the Statutes of 1931, be amended by providing that the stamp tax on postal notes shall be at the rate of three cents.

4. That section fifty-eight of the said Act, as enacted by chapter forty-three of the Statutes of 1930, be amended by adding thereto and making liable to the excise tax on sale, transfer or assignment of stocks, bonds, etc., the following:

"Any participating interest in the operations or profits of any association, company, or corporation, represented by certificates, documents, or other instruments of title capable of being sold, transferred or assigned, including mineral deeds, oil royalties, and fixed investment trust shares issued by a trustee and representing equitable ownership in deposited securities."

5. That section seventy-six of the said act be amended by providing that when matches are put up in packages containing less than twenty-one matches each the tax shall be payable at the rate of three-twentieths of one cent per package instead of at the rate of three-sixteenths of one cent.

6. That part X of the said act be amended by adding thereto the following as section 77 (a):

"77(a). Except as hereinafter provided, every manufacturer and every importer of cigarette papers in packets shall affix to every packet of cigarette papers manufactured by him or imported into Canada, an adhesive or other stamp of the value of 2 cents for each 100 leaves or fraction of 100 leaves contained in such packet.

2. Except as hereinafter provided, every manufacturer and every importer of cigarette paper tubes shall affix to every package of cigarette paper tubes manufactured by him or imported by him into Canada, an adhesive or other stamp of the value of 5 cents for each 50 cigarette paper tubes or fraction of 50 cigarette paper tubes contained in such package.

3. No manufacturer or importer shall sell or import cigarette papers or cigarette paper tubes unless they are in packets or packages.

4. It shall not be necessary to affix an adhesive or other stamp to packets of cigarette papers or packages of cigarette paper tubes manufactured in Canada for export out of Canada when they are manufactured and exported under regulations made under the provisions of this act.

5. When cigarette papers in packets or cigarette paper tubes in packages are imported into Canada, the adhesive or other stamp shall be affixed to the packets or packages while they are in the custody of the proper customs officers.

6. The provisions of this section shall not apply to cigarette papers or cigarette paper tubes sold to, or manufactured by, or imported by, a manufacturer licensed to manufacture cigarettes, who employes such cigarette papers or cigarette paper tubes in the manufacture of cigarettes subject to the provisions of the Excise Act."

7. That subsection two of section eighty-six of the said act be amended by adding thereto the following proviso:

"Provided that if a licensed wholesaler sells goods to another licensed wholesaler at a price less than the value upon which the tax is to be computed under paragraph (c) of the last preceding subsection, the vendor shall forthwith become liable to pay the tax upon the difference between such value and his sale price."

8. That schedule I to the said act be amended by adding thereto the following articles and imposing thereon an excise tax at the rate set opposite the respective article:

(i) Articles, materials or preparations of whatever composition or in whatever form, commonly or commercially known as toilet articles, preparations or cosmetics which are intended for use or application for toilet purposes, or for use in connection with the care of the human body, including the hair, nails, eyes, teeth or any other part or parts thereof, whether for cleansing, deodorizing, beautifying, preserving or restoring, and to include toilet soaps, antiseptics, bleaches, depilatories, perfumes, scents and similar preparations, 10 per cent.

(ii) Tires of rubber, including inner tubes, for automotive vehicles of all kinds, including trailers or other wheeled attachments used in connection with any of the said vehicles, 5 per cent.

9. That schedule II to the said act be amended by adding thereto the following articles and imposing thereon an excise tax at the rate set opposite the respective article:

(i) Sugar, as enumerated in customs tariff item No. 134, 2 cents per pound.

(ii) Unfermented wort (sweet wort), 25 cents per gallon.

(iii) Malt syrup, or malt syrup powder, extracts of malt, fluid or not, or any other malt product intended for the brewing of beer, 50 cents per pound.

10. That schedule III to the said act, as enacted by chapter fifty-four of the statutes of 1932, be repealed and the following substituted as schedule III:

Schedule III

Bread, not to include rolls, buns or similar goods, whether sweetened or not; flour, not including self-raising flour; animals living; live poultry; meats and poultry, fresh; meats salted or smoked; milk, including buttermilk; condensed milk, evaporated milk and powdered milk; cream; butter; cheese; lard, when produced in Canada; eggs; vegetables, fruits, grains and seeds in their natural state; shorts; bran and middlings when for use as cattle, hog, poultry or other stock feed; alfalfa meal; oil cake, oil cake meal; grains mixed or crushed for cattle or poultry feed; hay; straw; hops, when produced in Canada; nursery stock; vegetable plants; other farm produce sold by the individual farmer of his own production; bees; honey; sugar; maple syrup; salt, when manufactured or produced in Canada; ice; fish and products thereof; ores of metals of all kinds; fuel other than in liquid form; gold and silver in ingots, blocks, bars, drops, sheets or plates unmanufactured; British and Canadian coin and foreign gold coin; logs and round unmanufactured timber; split fence posts; fence posts, railroad ties, pulpwood, tan bark, and other articles the product of the forest, when produced and sold by the individual settler or farmer; newspapers and quarterly, monthly, bimonthly and semi-monthly magazines and weekly literary papers unbound; materials for use only in the construction, equipment and repair of ships; ships licensed to engage in the Canadian coasting trade; radium; electricity; gas manufactured from coal, calcium carbide or oil for illuminating or heating purposes; artificial limbs, and parts thereof; artificial eyes; donations of clothing and books for charitable purposes; settlers' effects; War Veterans' badges; memorials or monuments erected in memory of soldiers who fell in the Great War; articles for the use of the Governor General; articles imported for the personal or official use of the British High Commissioner, Ministers of Foreign Countries, Consuls General who are natives or citizens of the country they represent and who are not engaged in any other business or profession; bibles, missals, prayer books, psalm and hymn books, religious tracts, and Sunday school lesson pictures; manila fibre for use only in the manufacture of rope not exceeding one and one-half inches in circumference for the fisheries; boats bona fide purchased by individual fishermen for their own personal use in the fisheries; articles and materials used in the manufacture of boats bona fide built for individual fishermen for their own personal use in the fisheries; sinkers and floats including trawl kegs, when for use exclusively in the fisheries, not including these articles for sportsmen's purposes; fibre for use only in the manufacture of binder twine; fertilizers; dried beet pulp; manuscript; raw furs; wool not further prepared than washed; drain tiles for agricultural purposes; printed text-books authorized by the Department of Education of any province in Canada and phonograph records so authorized for instruction in the English and the French language, and materials used exclusively in the manufacture or production thereof; insulin; calf, cattle, hog, fox or poultry feed; preparations or chemicals sold for disinfecting, dipping or spraying and so used in agriculture or horticulture, and materials for use exclusively in manufacture or production of such preparations; cream separators and parts thereof; cars and other similar appliances for use exclusively at a mine or a quarry for mining or quarrying; articles and materials to be used exclusively in the manufacture of cars and other similar appliances for use exclusively at a mine or a quarry for mining or quarrying; articles and materials to be used exclusively in the manufacture of cream separators and parts thereof; usual coverings to be used exclusively for covering goods not subject to the consumption or sales tax; materials to be used exclusively in the manufacture of usual coverings to be used for covering goods not subject to the consumption or sales tax.

Woollen rolls or wool yarn milled for a producer of wool from such wool supplied by him for his own use; cotton duck and cotton sail twine to be used only in the manufacture of equipment for ships or vessels; official stationery imported by His Majesty's Trade Commissioners in Canada from His Majesty's Stationery Office in England; crushed stone, produced or manufactured by any municipality exclusively for use in building or maintaining its roads or sidewalks, and not for sale, and sand, gravel, rubble and field stone; lasts for boots and shoes including rubber footwear and patterns and dies for boots and shoes including rubber footwear; apples, dried, desiccated or evaporated; articles and materials for the sole use of any bona fide public hospital certified to be such by the Department of National Health, when purchased in good faith for use exclusively by the said hospital and not for resale; preparations for use exclusively as gopher poison; bakers' cake and pies when produced by any one manufacturer or producer to the value of not more than three thousand dollars in any one calendar year.

Goods Enumerated in Customs Tariff Items

40. Salt for use of the sea or gulf fisheries;

173. Books, embossed, and grooved cards for the blind; and books for the instruction of the deaf and dumb and blind; maps and charts for the use of schools for the blind;

175. Books not printed or reprinted in Canada, which are included and used as text-books in the curriculum of any university college or school in Canada; books specially imported for the bona fide use of incorporated mechanics' institutes, public libraries, libraries of universities, colleges and schools, or for the library of any incorporated medical, law, literary, scientific, or art association or society, and being the property of the organized authorities of such library, and not in any case the property of individuals—the whole under regulations prescribed by the Minister—provided that im-

porters of books who have sold the same for the purpose mentioned in this item shall, upon proof of sale and delivery for such purpose, be entitled to a refund of any duty paid thereon;

209b. Nicotine sulphate;

281. Fire brick, containing not less than ninety per cent of silica; magnesite fire brick or chrome fire brick; other fire brick valued at not less than one hundred dollars per one thousand, rectangular shaped, the dimensions of each not to exceed one hundred and twenty-five cubic inches, for use exclusively in the construction or repair of a furnace, kiln or other equipment of a manufacturing establishment;

281a. Fire brick, n.o.p., for use exclusively in the construction or repair of a furnace, kiln, or other equipment of a manufacturing establishment;

352a. Bells, when imported for use in churches only;

364. Diamond dust or bort and black diamonds, for borers;

406. Coil chain, coil chain links, including repair links, and chain shackles, of iron or steel;

409a. Milking machines and attachments therefor; centrifugal machines for testing butterfat, milk or cream; complete parts of all the foregoing;

409b. Cultivators, harrows, seed-drills, horse-rakes, horse-hoes, scufflers, manure spreaders, garden seeders, weeders, and complete parts of all the foregoing;

409c. Ploughs; farm, field, lawn or garden rollers; soil packers; complete parts of all the foregoing;

409d. Mowing machines, harvesters, either self-binding or without binders, binding attachments, reapers, harvesters in combination with threshing machine separators including the motive power incorporated therein, and complete parts of all the foregoing;

409e. (i) Spraying and dusting machines and attachments therefor, including hand sprayers; apparatus specially designed for sterilizing bulbs; pressure testing apparatus for determining maturity of fruit; pruning hooks; pruning shears, animal dehorning instruments; and complete parts of all the foregoing;

(ii) Fruit and vegetable grading, washing and wiping machines and complete parts therefor;

409f. Hay loaders, hay tedders, potato planters, potato diggers, fodder or feed cutters, ensilage cutters, grain crushers and grain or hay grinders for farm purposes only, post hole diggers, snaths, stumping machines and all other agricultural implements or agricultural machinery, n.o.p., and complete parts of all the foregoing;

409g. Incubators for hatching eggs, brooders for rearing young fowl, and complete parts of all the foregoing;

409i. Scythes, sickles or reaping hooks, hay or straw knives, edging knives, hoes, pronged forks, rakes, n.o.p.; complete parts for goods enumerated in Tariff Item 409i;

409j. Fanning mills; peaviners; corn husking machines; threshing machine separators, including wind stackers; baggers, weighers and self-feeders therefor; complete parts of all the foregoing;

409k. Windmills and complete parts thereof, not including shafting;

409n. Portable engines with boilers, in combination, for farm purposes; horse powers and traction engines for farm purposes n.o.p.; and complete parts of all the foregoing;

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;

411. Machinery for use in sawing lumber, up to but not including the operation of planing, and complete parts thereof, not to include motive power, when for use exclusively in sawmills (for the purpose of this item motive power is defined as equipment for driving the machinery of the sawmill);

411a. Machinery, logging cars, cranes, blocks and tackle, wire rope, but not including wire rope to be used for guy ropes or in braking logs going down grade, and complete parts of all the foregoing, for use exclusively in the operation of logging, such operation to include the removal of the log from stump to skidway, log dump or common or other carrier;

411b. Cylinder stave saws, wheel type stave jointers, crozing and champhering machinery, when for use exclusively in making staves;

439c. Farm wagons, farm sleds, logging wagons, logging sleds, and complete parts thereof;

440k. Engines and complete parts thereof, to be used exclusively in the propulsion of boats or in hoisting nets and lines used in such boats bona fide owned by individual fishermen for their own use in the fisheries, under regulations prescribed by the Minister;

442. Articles which enter into the cost of manufacture of the goods enumerated in tariff items 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409j, 409o, and 439c, when imported by manufacturers for use exclusively in the manufacture in their own factories of the goods enumerated in tariff items 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409j, 409o, and 439c, under regulations prescribed by the Minister.

442a. Notwithstanding the provisions of tariff item 442, materials or commodities as hereunder defined or described, when imported by manufacturers for use exclusively in the manufacture, in their own factories, of the goods enumerated in tariff items 409a, 409b, 409c, 409d. 409e, 409f, 409g, 409j, 409o, and 439c, under regulations prescribed by the Minister:—

(1) Pig iron;

(2) Bars or rods, of iron or steel, hot rolled;

460. Materials to be used in Canada for the construction of bridges and tunnels crossing the boundary between the United States and Canada, when similar materials are admitted free under similar circumstances into the United States, under regulations prescribed by the Minister;

464. Steel dies, of a class or kind not made in Canada, valued at not less than one thousand dollars each, for use exclusively in stamping metal sheets or metal plates: Provided that such dies shall be exported from Canada under Customs supervision within three months from the date of import entry;

476. Surgical and dental instruments of any material; surgical needles; X-ray apparatus; surgical operating tables for use in hospitals; microscopes valued at not less than $50 each by retail; and complete parts of all the foregoing;

476a. Glassware and other scientific apparatus for laboratory work in public hospitals; apparatus for sterilizing purposes, including bedpan washers and sterilizers but not including washing or laundry machines; all for the use of any public hospital, under regulations prescribed by the Minister;

480. Crutches or specially constructed staffs for cripples;

538. Binder twine or twine for harvest binders;

663b. Articles which enter into the cost of the manufacture of fertilizers, when imported for use exclusively in the manufacture of fertilizers;

666. Nitro-glycerine, giant powder, nitro and other explosives;

667. Blasting and mining powder;

682. Fish hooks, for deep-sea or lake fishing, not smaller in size than number 2.0; bank, cod, pollock and mackerel fish lines; and mackerel herring, salmon, seal, seine, mullet, net and trawl twine in hanks or coil, barked or not—in variety of sizes and threads—including gilling thread in balls, and head ropes for fishing nets; marline, and net norsels of cotton, hemp or flax; and fishing nets or seines, and manila rope, not exceeding one and one-half inches in circumference, when used exclusively for the fisheries, not to include hooks, lines, nets or ropes commonly used for sportsmen's purposes;

692. Coins, cabinets of; collections of medals and collections of postage stamps; medals of gold, silver or cooper, and other metallic articles actually bestowed as trophies or prizes and received and accepted as honorary distinctions, and cups or other metallic prizes (not usual merchantable commodities), won in bona fide competitions;

695a. Paintings in oil or water colours, and pastels, valued at not less than twenty dollars each; paintings and sculptures by artists domiciled in Canada but residing temporarily abroad for purposes of study, under regulations by the Minister;

696. Philosophical and scientific apparatus, utensils, instruments, and preparations, including boxes and bottles containing the same; maps, photographic reproductions, casts as models, etchings, lithographic prints or charts; mechanical equipment of a class or kind not made in Canada. All articles in this item, when specially imported in good faith for the use and by the order of any society or institution incorporated or established solely for religious, philosophical, educational, scientific or literary purposes, or for the encouragement of the fine arts, or for the use and by order of any public hospital, college, academy, school, or seminary of learning in Canada, and not for sale, under regulations prescribed by the Minister;

700. Animals and articles brought into Canada temporarily and for a period not exceeding three months, for the purpose of exhibition or of competition for prizes offered by any agricultural or other association; provided a bond shall be first given in accordance with regulations prescribed by the Minister, with the condition that the full duty to which such animals or articles would otherwise be liable shall be paid in case of their sale in Canada, or if not re-exported within the time specified in such bond;

[Mr. Rhodes.]

701. Menageries, horses, cattle, carriages and harness of, under regulations prescribed by the Minister;

702. Carriages for travellers, and carriages laden with merchandise, not to include circus troupes or hawkers, under regulations prescribed by the Minister;

703. Travellers' baggage, under regulations prescribed by the Minister;

704. Apparel, wearing and other personal and household effects, not merchandise, of British subjects dying abroad, but domiciled in Canada; books, pictures, family plate or furniture, personal effects and heirlooms left by bequest;

Articles and materials to be used exclusively in the manufacture of goods enumerated in customs tariff items: 281, 281a, 391a, 406a, 406b, 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409i, 409j, 409k, 409n, 410b, 411, 411a, 411b, 439c, 440k, 442, 442a, 476, 476a, 480, 538, 663, 663a, 663b, 666, 667, 696.

Materials, not to include plant equipment, consumed in process of manufacture or production, which enter directly into the cost of goods enumerated in customs tariff items: 281, 281a, 391a, 406a, 406b, 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409i, 409j, 409k, 409n, 410b, 411, 411a, 411b, 439c, 440k, 442a, 476, 476a, 480, 538, 663, 663a, 666, 667, 696.

11. That Schedule IV to the said Act, as enacted by chapter fifty-four of the Statutes of 1932 enumerating articles exempt for fifty per cent of the sales tax, be repealed and the following substituted as Schedule IV:

Schedule IV

All articles manufactured or produced by the labour of the blind in institutions in Canada established for their care or under the control or direction of such institutions.

12. That Schedule V to the said Act, as enacted by section sixteen and referred to in section twelve of chapter fifty-four of the Statutes of 1932, be repealed and the following substituted as Schedule V:

Schedule V

Articles on which other excise taxes are imposed on importation by Part XI of this Act; raw leaf tobacco when imported by licensed tobacco or cigar manufacturers; material for the manufacture of binder twine for export, when imported by the manufacturers thereof; British and Canadian coin and foreign gold coin, bullion and unmanufactured gold; fish and other products of the fisheries of Newfoundland; fish caught by fishermen in vessels registered in Canada or owned by any person domiciled in Canada, and the products thereof carried from the fisheries in such vessels; donations of clothing for charitable purposes; bibles; fertilizers; animals for the improvement of stock; boards, planks and deals of fir, spruce, pine, hemlock or larch, in the rough, or not further manufactured than planed or dressed on one side, when imported from a country which admits free of duty similar lumber imported from Canada; goods enumerated in customs tariff items 173, 364, 460, 700, 702, 703, 704, 705, 705a, 706, 707, 708 and 709.

13. That any enactement founded on paragraphs five, six, seven, eight, nine, ten, eleven and twelve of this resolution shall be deemed to have come into force on the twenty-second day of March, one thousand nine hundred and thirty-three, and to have applied to all goods

imported or taken out of warehouse for consumption on and after that date, and to have applied to goods previously imported for which no entry for consumption was made before that date.

14. That any enactment founded on paragraphs two, three and four of this resolution shall be deemed to have come into force on the first day of May, one thousand nine hundred and thirty-three.

INCOME WAR TAX ACT

Resolved, that it is expedient to amend the Income War Tax Act and to provide:—

1. That the exemption granted to a married person or a widow or widower with a dependent child be reduced to $2,000 and the exemption for all other persons be reduced to $1,000;

2. That the exemption heretofore afforded to householders as defined shall be abolished;

3. That the exemption for a dependent child or grandchild be $400;

4. That the exemption for a dependent parent, grandparent, brother or sister be the actual amount expended by a taxpayer up to a maximum exemption of $400 for each such dependent person;

5. That the exemption of $2,000 heretofore afforded to corporations and joint stock companies be abolished;

6. That the graduated rates of tax applicable to persons other than corporations and joint stock companies shall be the rates set forth in the following schedule;

7. That the rate of tax applicable to corporations shall be twelve and one-half per centum;

8. That where a corporation elects to file a consolidated return, the corporate rate of tax shall be thirteen and one-half per centum;

9. That the additional rate of tax heretofore provided in respect of incomes in excess of $5,000 shall not apply to corporations;

10. That all bearer coupons, coupon certificates or dividend warrants issued by Canadian debtors in respect of which any interest or dividends are payable and all similar bearer coupons and dividend cheques issued by British or foreign debtors which are cashed by residents of Canada must have attached thereto a duly completed ownership certificate on the form prescribed;

11. That a tax of five per centum shall be imposed at the source on all dividends or interest paid or credited by Canadian debtors to non-residents of Canada;

12. That a tax of five per centum shall be imposed at the source on all dividends or interest payable by Canadian debtors and cashed by Canadian residents at a premium over par of Canadian funds;

13. That rents and royalties which are payable by Canadian debtors to non-residents of Canada shall have deducted at the source a tax of twelve and one-half per centum subject to adjustment on assessment of the Income Tax Return filed by the non-resident.

14. That provision be made to clarify and to render more certain and effective Section 13 of the said Act;

15. That provision be made for the limitation of certain allowances and expenses charged by companies in respect to amounts paid to relatives of shareholders, bonuses to officers and fees to directors;

16. That interest on indebtedness and taxes on productive property shall be rateably apportioned between income from sources exempt and those not exempt from Income Tax, provided that in no case shall such interest or taxes be apportioned against a taxpayer's income from his chief occupation or business;

17. That any enactment founded on paragraphs one to nine, both inclusive, and paragraphs fifteen and sixteen, shall be deemed to have come into force at the commencement of the 1932 taxation period and to be applicable thereto and to fiscal periods ending therein, and to all subsequent periods;

18. That any enactment founded on the provisions of paragraphs ten, eleven and twelve of this Resolution shall be deemed to have come into force on the first day of April, 1933, and shall be applicable to all payments made or received on or after such date and to any coupons, coupon certificates or dividend warrants which are redeemable on or after the said 1st April, 1933;

19. That any enactment founded on the provisions of paragraph thirteen of this Resolution shall be deemed to have come into force on the 22nd day of March, 1933, and shall be applicable to all payments made on and after the said date.

FIRST SCHEDULE

Rates of Tax Applicable to Persons other than Corporations and Joint Stock Companies

On the first $1,000 of Net Income or any portion thereof in excess of Exemptions 3 per centum, or

$30 upon Net Income of $1,000; and upon Net Income in excess of $1,000 and not in excess of $2,000, 4 per centum in addition on such excess, or

$70 upon Net Income of $2,000; and upon Net Income in excess of $2,000 and not in excess of $3,000, 5 per centum in addition on such excess, or

$120 upon Net Income of $3,000; and upon Net Income in excess of $3,000 and not in excess of $4,000, 6 per centum in addition on such excess, or

$180 upon Net Income of $4,000; and upon Net Income in excess of $4,000 and not in excess of $5,000, 7 per centum in addition on such excess, or

$250 upon Net Income of $5,000; and upon Net Income in excess of $5,000 and not in excess of $6,000, 8 per centum in addition on such excess, or

$330 upon Net Income of $6,000; and upon Net Income in excess of $6,000 and not in excess of $7,000, 9 per centum in addition on such excess, or

$420 upon Net Income of $7,000; and upon Net Income in excess of $7,000 and not in excess of $8,000, 10 per centum in addition on such excess, or

$520 upon Net Income of $8,000; and upon Net Income in excess of $8,000 and not in excess of $9,000, 11 per centum in addition on such excess, or

$630 upon Net Income of $9,000; and upon Net Income in excess of $9,000 and not in excess of $10,000, 12 per centum in addition on such excess, or

$750 upon Net Income of $10,000; and upon Net Income in excess of $10,000 and not in excess of $11,000, 13 per centum in addition on such excess, or

$880 upon Net Income of $11,000; and upon Net Income in excess of $11,000 and not in excess of $12,000, 14 per centum in addition on such excess, or

$1,020 upon Net Income of $12,000; and upon Net Income in excess of $12,000 and not in excess of $13,000, 15 per centum in addition on such excess, or

$1,170 upon Net Income of $13,000; and upon Net Income in excess of $13,000 and not in excess of $14,000, 16 per centum in addition on such excess, or

$1,330 upon Net Income of $14,000; and upon Net Income in excess of $14,000 and not in excess of $15,000, 17 per centum in addition on such excess, or

$1,500 upon Net Income of $15,000; and upon Net Income in excess of $15,000 and not in excess of $16,000, 18 per centum in addition on such excess, or

$1,680 upon Net Income of $16,000; and upon Net Income in excess of $16,000 and not in excess of $17,000, 19 per centum in addition on such excess, or

$1,870 upon Net Income of $17,000; and upon Net Income in excess of $17,000 and not in excess of $18,000, 20 per centum in addition on such excess, or

$2,070 upon Net Income of $18,000; and upon Net Income in excess of $18,000 and not in excess of $19,000, 21 per centum in addition on such excess, or

$2,280 upon Net Income of $19,000; and upon Net Income in excess of $19,000 and not in excess of $20,000, 22 per centum in addition on such excess, or

$2,500 upon Net Income of $20,000; and upon Net Income in excess of $20,000 and not in excess of $25,000, 23 per centum in addition on such excess, or

$3,650 upon Net Income of $25,000; and upon Net Income in excess of $25,000 and not in excess of $30,000, 24 per centum in addition on such excess, or

$4,850 upon Net Income of $30,000; and upon Net Income in excess of $30,000 and not in excess of $35,000, 25 per centum in addition on such excess, or

$6,100 upon Net Income of $35,000; and upon Net Income in excess of $35,000 and not in excess of $40,000, 26 per centum in addition on such excess, or

$7,400 upon Net Income of $40,000; and upon Net Income in excess of $40,000 and not in excess of $45,000, 27 per centum in addition on such excess, or

$8,750 upon Net Income of $45,000; and upon Net Income in excess of $45,000 and not in excess of $50,000, 28 per centum in addition on such excess, or

$10,150 upon Net Income of $50,000; and upon Net Income in excess of $50,000 and not in excess of $55,000, 29 per centum in addition on such excess, or

$11,600 upon Net Income of $55,000; and upon Net Income in excess of $55,000 and not in excess of $60,000, 30 per centum in addition on such excess, or

$13,100 upon Net Income of $60,000; and upon Net Income in excess of $60,000 and not in excess of $65,000, 31 per centum in addition on such excess, or

[Mr. Rhodes.]

$14,650 upon Net Income of $65,000; and upon Net Income in excess of $65,000 and not in excess of $70,000, 32 per centum in addition on such excess, or

$16,250 upon Net Income of $70,000; and upon Net Income in excess of $70,000 and not in excess of $75,000, 33 per centum in addition on such excess, or

$17,900 upon Net Income of $75,000; and upon Net Income in excess of $75,000 and not in excess of $80,000, 34 per centum in addition on such excess, or

$19,600 upon Net Income of $80,000; and upon Net Income in excess of $80,000 and not in excess of $85,000, 35 per centum in addition on such excess, or

$21,350 upon Net Income of $85,000; and upon Net Income in excess of $85,000 and not in excess of $90,000, 36 per centum in addition on such excess, or

$23,150 upon Net Income of $90,000; and upon Net Income in excess of $90,000 and not in excess of $95,000, 37 per centum in addition on such excess, or

$25,000 upon Net Income of $95,000; and upon Net Income in excess of $95,000 and not in excess of $100,000, 38 per centum in addition on such excess, or

$26,900 upon Net Income of $100,000; and upon Net Income in excess of $100,000 and not in excess of $110,000, 39 per centum in addition on such excess, or

$30,800 upon Net Income of $110,000; and upon Net Income in excess of $110,000 and not in excess of $120,000, 40 per centum in addition on such excess, or

$34,800 upon Net Income of $120,000; and upon Net Income in excess of $120,000 and not in excess of $130,000, 41 per centum in addition on such excess, or

$38,900 upon Net Income of $130,000; and upon Net Income in excess of $130,000 and not in excess of $140,000, 42 per centum in addition on such excess, or

$43,100 upon Net Income of $140,000; and upon Net Income in excess of $140,000 and not in excess of $150,000, 43 per centum in addition on such excess, or

$47,400 upon Net Income of $150,000; and upon Net Income in excess of $150,000 and not in excess of $175,000, 44 per centum in addition on such excess, or

$58,400 upon Net Income of $175,000; and upon Net Income in excess of $175,000 and not in excess of $200,000, 45 per centum in addition on such excess, or

$69,650 upon Net Income of $200,000; and upon Net Income in excess of $200,000 and not in excess of $225,000, 46 per centum in addition on such excess, or

$81,150 upon Net Income of $225,000; and upon Net Income in excess of $225,000 and not in excess of $250,000, 47 per centum in addition on such excess, or

$92,900 upon Net Income of $250,000; and upon Net Income in excess of $250,000 and not in excess of $275,000, 48 per centum in addition on such excess, or

$104,900 upon Net Income of $275,000; and upon Net Income in excess of $275,000 and not in excess of $300,000, 49 per centum in addition on such excess, or

$117,150 upon Net Income of $300,000; and upon Net Income in excess of $300,000 and not in excess of $325,000, 50 per centum in addition on such excess, or

$129,650 upon Net Income of $325,000; and upon Net Income in excess of $325,000 and not in excess of $350,000, 51 per centum in addition on such excess, or

$142,400 upon Net Income of $350,000; and upon Net Income in excess of $350,000 and not in excess of $375,000, 52 per centum in addition on such excess, or

$155,400 upon Net Income of $375,000; and upon Net Income in excess of $375,000 and not in excess of $400,000, 53 per centum in addition on such excess, or

$168,650 upon Net Income of $400,000; and upon Net Income in excess of $400,000 and not in excess of $450,000, 54 per centum in addition on such excess, or

$195,650 upon Net Income of $450,000; and upon Net Income in excess of $450,000 and not in excess of $500,000, 55 per centum in addition on such excess, or

$223,150 upon Net Income of $500,000; and upon Net Income in excess of $500,000, 56 per centum in addition on such excess.

On motion of Mr. Ralston, the debate was adjourned.

UNEMPLOYMENT AND FARM RELIEF

CONTINUATION FOR ONE YEAR OF PROVISIONS OF RELIEF ACT, 1932

The house resumed from Monday, March 20, consideration in committee of the following proposed resolution—Mr. Gordon. Mr. Hanson (York-Sunbury) in the chair:

Resolved, that it is expedient to introduce a measure to continue in force the provisions of the Relief Act, 1932, until the 31st of March, 1934.

The CHAIRMAN (Mr. Hanson, York-Sunbury): The debate is on the second amendment. Shall the amendment carry?

Mr. BENNETT: The amendments are all carried.

Mr. LAPOINTE: What is the nature of the second amendment?

Mr. MACKENZIE KING: The minister was to give us some information which would enable us to form an idea as to the basis, if any, on which he was estimating the amounts that would be necessary for the next year. Can he tell us what was paid out to assist in defraying the cost of the sale and distribution of products of field, farm, sea, river and mine during the last year under this act?

Mr. GORDON: The only direct payment was the sum of $3,000 for the fitting up of one of the ships for the cattle trade, I believe.

Mr. MACKENZIE KING: From the statement which has just been made by the Minister of Finance it is evidently intended that certain payments shall be made which will facilitate the export of cattle and the like from this country. Is the money for that purpose to come out of the relief fund?

Mr. GORDON: I assume it would. The act makes provision for the payment out of the consolidated revenue fund of such sums as may be expediently paid for that purpose.

Mr. MACKENZIE KING: It seems to me that is confusing the issue very much. The resolution before us is for the relief of unemployment. Surely the minister cannot justify paying out of funds voted for relief purposes moneys to assist producers in the export of their produce, using moneys intended to relieve the unemployed to bonus those who have employment.

At the moment I do not take any exception to money being used to assist in the export of live stock and products of different kinds, but I do take exception to this parliament voting money for relief which is to be used for the purpose of subsidizing producers or exporters.

Mr. GORDON: Of course the act places a limitation on the amount to be devoted to direct relief and as hon. members know, what is meant by direct relief is set out in the regulations. The act also makes provision in terms for the use of some money for other purposes as occasion may arise, and one of those purposes is that which the right hon. gentleman has just mentioned. I think it is well understood that the act contemplates that if money can be usefully employed in that way it should be so employed.

Mr. MACKENZIE KING: In his remarks the Minister of Finance clearly indicated that there were to be certain expenditures on account of relief. In addition he spoke of expenditures for other purposes, one of them being to subsidize—I think we might call it that—producers who are exporting certain commodities to Great Britain. I do think, if such is the case, that the house should vote these amounts separately; it ought to know what it is voting in exact terms. If these amounts in the nature of subsidies are to be paid, I do not think that should be done under the guise of unemployment relief; they should be voted distinctly for the purpose of furthering production and the export of certain commodities from this country to Great Britain.

Mr. BENNETT: If the right hon. gentleman will observe, the power to assist agricultural development has been contained in the relief bills for the last two years. This provision in the present bill will be made use of as indicated by the Minister of Finance in the statement he just made; that is, whatever amount may be involved will be a charge under this measure, just as it would have been last year if such payments had been made.

Mr. MACKENZIE KING: I think the Prime Minister sees what will follow as a result; we will be told that trade with Great Britain in these products has increased as a result of the United Kingdom-Canada agreement, while as a matter of fact if that trade does increase it will be because we have voted for the relief of unemployment money which is being used to subsidize the export of certain commodities to Britain. To me that does not seem a fair way to deal with the appropriations which this house is asked to make. I would ask the minister if there are any other objects or services, for which the Minister of Finance has indicated provision is to be made, payment for which will come out of money we are now voting for relief purposes.

Mr. GORDON: I know of no others at the present time, but I can easily understand that occasions might arise when the provisions of this act might be resorted to for other purposes, and I think very properly so.

Mr. SPEAKMAN: This information may have been given, but if so I did not catch it. I should like to ask the minister just how much was expended last year on that kind of direct relief which is covered now by the $20,000,000 limitation.

Mr. GORDON: The expenditure this year which I estimate will not be more than $20,000,000 covers all that sort of relief that was given during this fiscal year.

Mr. SPEAKMAN: That is hardly the information I wanted. How much was expended last year on that sort of direct relief which will be covered this year by this $20,000,000?

Mr. GORDON: Nothing was paid out this year except money for direct relief, and the amount actually paid out in that way up to February 28, 1933, amounted to $11,898,291.76. There are other commitments which will come in and which will be shown in the report which will be tabled under the act. As my hon. friend understands, sometimes the accounts are delayed; in fact quite recently we paid small accounts coming in under the 1930 legislation. However, that is substantially the position.

Mr. SPEAKMAN: I wanted to ascertain whether the limitation of $20,000,000 inserted in the act this year will prove adequate as compared with the expenditures of last year for the same purposes. I understand that we did not spend $20,000,000 last year on direct relief.

[Mr. Bennett.]

Mr. GORDON: I estimate, and I am certain that I am right, that the $20,000,000 named in the present legislation will be sufficient to take care of direct relief for the coming year. Last year, of course, the amount was greater, but with better organization, a better system, and I think with some improvement in general conditions—it is slow but I think it is noticeable—I believe the expenditure will be cut down.

Mr. HEAPS: If this amount of $20,000,000 is not sufficient to cover the cost of relief what course of action will be open to the government?

Mr. GORDON: I do not think that difficulty will arise, but unquestionably if it does present itself it will come about when parliament is in session, and the government can apply to the house for assistance.

Mr. REID: I wonder if the minister has the information at hand with regard to the number of families that have been put on the land in British Columbia, and if he could say where they have been located.

Mr. GORDON: I believe the government of British Columbia have placed a small number—probably less than one hundred—of families on the land under their agreement. I am not disappointed, however, because it is essential that a rigid selection be made if any permanent colonization is to result. The actual number has not been reported to us by the province of British Columbia as yet.

Mr. SPENCER: I should like to ask the minister a question with regard to the unemployed who are placed on the land. Is the land selected by the federal government or by the provincial government? What sort of land is it? Is the land improved; is it government land, or is it land that has been abandoned by other people? Could the minister give us some particulars along this line?

Mr. GORDON: Committees are set up in each province of Canada to deal with the matters to which the hon. gentleman has referred. It is obvious that the purchase of land must be discouraged. In many municipalities throughout Canada there are abandoned farms belonging to those municipalities, and generally we have found the municipal authorities anxious to cooperate in placing these farms at the disposal of the various committees. The purchase of farms is discouraged for the reasons I indicated last night and during the course of the debate a week or so ago; families starting on the land have

very little hope of paying a large purchase price for their farms. I am of course not a farmer, as is no doubt obvious to most of the farmer members of the house, but it is quite apparent that one of the outstanding causes of so many failures is the fact that people go on land with a burden of debt which in too many cases spells their ultimate disaster. Therefore the attention and the efforts of the committees throughout Canada are directed towards placing these people on lands which have fallen to and are now owned by the municipalities, and in a larger measure upon crown lands owned by the provinces, the purchase price of which is practically negligible.

Mr. SPENCER: Will these people be on a rental basis in relation to the municipalities?

Mr. GORDON: No; that has not been the experience of the committees. The municipalities in some instances donate land without reference to arrears of taxes; and with respect to crown lands, although I have not the exact details, I do know that the purchase price in Ontario—and I believe it is about the same if not more favourable in Quebec—is 50 cents an acre, and the locatee has ample time in which to pay. In fact, it is spread over five or six years.

Mr. SPENCER: Is any of the money given by the government allowed to be used in part payment or as a down payment?

Mr. GORDON: None of the money which the Dominion government subscribes is permitted to be used as a down payment on land. In fact, the committees throughout the country have insisted that none of the $600 subscribed through the three-way agreement shall be used for that purpose. The agreement with the various provinces provides that. The whole of the $600, which is given in progressive payments to the locatee, is therefore devoted to establishing him on the land on which he is located.

Mr. SPENCER: If men who have been farming for years have found it necessary to throw up their lands because they cannot make a success, does the minister think that men who do not know as much about agriculture, and who are under-financed can possibly be successful on land so poor that it has a value of only fifty cents an acre? As one who has had a great deal of experience in agriculture, I cannot see how these people can have the ghost of a chance under the circumstances.

Mr. DONNELLY: With regard to the seventy municipalities that suffered three crop failures, I understand that one hundred per cent of the relief was given by this government; that is to say, this government furnished these people with their seed grain and so forth and feed for horses and cattle, and all the moneys for this purpose were put up by the dominion and not by the province. Am I correct in that assumption?

Mr. GORDON: The money for seed grain in the dried out areas to which the hon. member refers was not paid in that sense by this government. That was a loan to the province of Saskatchewan. In these municipalities, which I believe number eighty-four, one hundred per cent of the relief that was given to the people in that area was paid by the Dominion government.

Mr. DONNELLY: When the minister says that one hundred per cent of the relief was paid by the Dominion government, does he mean only groceries and clothing, or groceries, clothing and feed for cattle and horses as well?

Mr. GORDON: Yes, it includes everything.

Mr. DONNELLY: We listened last night to two members from the province of Saskatchewan saying that the reason for the difficulties in Saskatchewan was the fact that the province had to look after these people in the dried out areas, and these hon. members pretended that the province of Saskatchewan had fed the people.

Mr. GORDON: I did not hear any member say that.

Mr. DONNELLY: They said that the province of Saskatchewan was in a serious situation because they had had to take care of these people in the dried out areas where there had been crop failures. Personally, I understood, precisely what the minister says now, that the money had been put up by this government and not by the government of Saskatchewan, and there is no reason why the financial condition of the province should be ascribed to these crop failures, seeing that the money was put up by this government. What I have objected to and still object to, however, is that though we are putting up one hundred per cent of the money we have nothing whatever to do with the administration of it. The administration of the money is entirely in the hands of the province, as I understand it, and during the first two years of such administration we saw men running up and down the country handling relief and

drawing salaries equal to what they were handing out in the way of relief for groceries. The salaries of these supervisors in each municipality, taking all their expenses into account —the supervisor would drive from town to town and village to village, charging so much for each trip—amounted to as much as was handed out in the way of relief for groceries. Taking the administration of the system as a whole, the amount handed out in this dried out area looks small, but a large amount was for seed and for feed for the cattle and horses, and that required very little supervision in its distribution. But so far as the groceries were concerned, most of the expense was incurred in connection with supervision and the handing out of supplies. This year I am pleased to see that they have taken it out of the hands of these men and put in back where it was before, in the hands of the municipal officers, who are handling it for nothing.

The only objection we have to-day to the handling of relief in these districts is that the people in the dried out area, where there has been no crop for four years, have not been receiving enough money for clothing. I urge upon the minister the importance of furnishing both bedding and clothing. These people have had no crop for four years, and a man with a family of four or five cannot do very much with fifty dollars a year. When he is given fifty dollars a year for the purchase of clothing and bedding and everything else for his family, you can readily understand that some members of his family must suffer. I have come across families some of whose little ones have been unable to go to school because they had no clothing, and some of the women have told me that they were obliged to keep fires on all night because there was not enough bedding to keep the children warm—and this, not in one or two cases but in many instances. The children were unable to go to school because they had no clothing. Again I urge upon the minister the necessity of handing out more money for clothing in these districts. During the first year or two of the present calamity a great many people in eastern Canada sent out a lot of secondhand clothing, but there has not been so much in the last year or so. Apparently they are weary in welldoing and are not sending the same quantity of clothing as before, so that it is imperative that the government should look after these people and see that they are better provided for than in the past.

Mr. GERSHAW: Could the minister inform the committee what period elapses between the time that a particular municipality pays out money and the time it receives the government's share? In the usual course of events, a municipality pays one-third of the cost of relief and many municipalities are having great difficulty in financing because of the time which must elapse before they receive the government's one-third.

Mr. GORDON: About ten days elapse after the receipt of accounts before the cheques are forwarded to the municipality or the province.

Mr. BOUCHARD: Yesterday the minister seemed to be in fine form when speaking of the back to the land movement. He stated that almost 100,000 people had been induced, directed, guided and inspired to go back to the land. Apparently this made such an impression upon the members of the committee that I thought that most of them would go back to the land immediately. I was surprised to-day to find that they were still present in the chamber.

Mr. GORDON: I am afraid that they would not make good.

Mr. BOUCHARD: This afternoon the minister told the committee that he was not a farmer himself. I am not surprised that he speaks with such enthusiasm of the back to the land movement because it is a matter of experience that those who speak most about a thing are those who know least about it. Apparently this is another make-believe policy and is similar to many other measures introduced by this government. We all know from experience how we try to induce the electors to vote for us and we are generally quite satisfied when we succeed in getting a majority to do so. Does the minister intend that the people shall be led to believe that nearly 100,000 people have been induced, directed, guided and inspired to go back to the land? I should like to know just how many have been established upon the land. I am entirely in agreement with what little good may come out of a back to the land movement but I do not think the government should try to induce the country to believe that so much good has come out of this movement. The best settlers on the land are those who are not given a chance to settle, the sons of farmers. These men cannot obtain any advantage from this scheme. Despite what has been said by the hon. member for Témiscouata (Mr. Pouliot), I contend that the best scheme to be followed in this regard is that one introduced a few years ago by the Minister of Colonization of the province of Quebec. That province gives a premium of $24 to any settler for every acre of

land he opens up. This is a real scheme and it offers a cure for the situation which confronts us. Perhaps the minister may not agree with me, but I would characterize this back to the land movement as a public confession by the government, as an expatiatory formula, as an admission of carelessness in the past, as a demonstration of the use of two pounds of cure where one ounce of prevention would have brought about the same result. I do not want to be too critical of the minister because I welcome any effort which is made in this connection. However, I do not think the country should be misinformed about the facts and told that 100,000 people have been induced, directed, guided and inspired to go back to the land. In effect, the minister is stating that he has induced one-eighth of our unemployed to settle upon the land. I should like to know just how many people have been settled upon the land, how many have stayed and how many are likely to remain permanently.

Mr. GORDON: Mr. Chairman, a short time ago the hon. member for Battle River (Mr. Spencer) asked me if I thought it possible that a man could take up a farm location and sustain himself with only $600 in cash. From what the hon. member said, I take it that he has had much experience in colonization. I have seen one of the finest agricultural sections of Canada opened up, I refer to Timiskaming. When I went to that section of the country there were only a few small locations opened up. The settlers who came there had no money and prices were extremely low. If the hon. member for North Timiskaming (Mr. Bradette) were in his seat, I think he would agree with me when I say that probably there is not a finer section of settled agricultural land in Canada than the hundreds of miles to be found in our ridings. These men went in there when there was nothing but spruce trees upon the land; they had no money but to-day they own their farms. It is to their everlasting credit that I have received but few communications from them asking for any kind of relief. The population is about evenly divided between French and English speaking settlers, and I think I should comment upon how splendidly these people get along together. Anyone who started anything in the way of racial strife in that part of the country would not get very far. These people have confidence in each other and they are getting along as the two races should get along. They went into that country when it was solid spruce bush, when there were no pulpmills to which to sell their wood. In the first few years they did have difficult times but to-day the great majority of the settlers own their beautiful farms without one cent of encumbrance against them. They did not have $600 given to them. Their products were very low at the time they went in there, but they have made a success.

I take issue with the hon. member for Battle River with respect to the province of Quebec because the province of Quebec probably above all other provinces in Canada has for centuries devoted itself to the expansion of sound colonization within its boundaries, and in fact has extended its colonization schemes beyond its own boundaries into other provinces.

I am not in agreement with what the hon. member for Témiscouata has said with respect to colonization in the province of Quebec, and I had not intended to refer to it because I do not think I am charged with the responsibility of settling a scrap between the hon. member for Témiscouata and the Minister of Colonization, Hon. Mr. Laferté, in the province of Quebec, but I do say this, that in the county of Témiscouata, of the total number of settlers who were placed there, only two were placed under this scheme. Mainly the settlers that we have assisted to place on the land through the organization of the province of Quebec are in Abitibi and Timiskaming. When the hon. member for Témiscouata says that men, women and children, were hived there in sheds, and eating grass and roots and all that sort of thing, I do not know that he was speaking seriously; I cannot help but think that he was a little facetious. The fact is that under our colonization scheme the men folks went up into that country first, and they went there in charge of officers who are acquainted with that sort of work, and those officers stayed there until the men got their houses built and a little clearing made, and it was not until long afterwards that the men's families came along. I have had not only one but hundreds of communications sent to me by the railway committee upon which we have representation indicating the success of that scheme. At no time were any of these people housed together in the way the hon. member for Témiscouata has suggested.

In the riding of Témiscouata, where the settlers were placed by the provincial government alone, an effort was made some years ago, I am informed, to flood that land under some conservation of water scheme, and at that time—I may be misinformed—I was told that the hon. member for Témiscouata was in favour of colonization there. But now he has changed his viewpoint and claims that that effort by the provincial government should

not have been undertaken. But these are all provincial matters which have nothing whatever to do with the joint effort of the municipality, the province and the dominion.

I have a detailed report, which I have not by me at the moment, from the colonization agent of the Canadian National Railways with respect to the settlement that has taken place in Abitibi and Timiskaming, in the province of Quebec, not in Ontario. I know that country very well, as well, in fact, as I know the country across the interprovincial boundary line where I live. I know that those people are located close to the railway; I know that they have passable roads built already; I know that good judgment was used by everyone concerned, both by our representative on the committee and the representative of the province of Quebec, to see that the locations were arable crown lands which were adjacent to and had the benefit of that best of all markets, the immediate home market in the rapidly expanding mining sections of Quebec. I wonder if members of this house realize what is going on in mining up in that section of the province of Quebec. Those mines have lain there longer than I would care to calculate. They were opened up only in 1923 as a result of prospecting by prospectors from the towns of Haileybury, Cobalt and New Liskeard, and they located what is now that wonderful mine, the Noranda. That inspired other prospectors to come in, until to-day in the northwestern part of the province of Quebec I hazard the opinion that there is not a finer mining camp on this continent, and of necessity it provides an immediate market for those who go on the land. So I say that the joint committee of the railways, ourselves, and the province of Quebec, should be commended for that effort. Whether we are commended or not we have evidence now of the success of at least that portion of the effort that we are putting forward to endeavour to locate upon the land those people who are suited to taking up farm locations and becoming farm owners with a view to placing themselves in a position of independence so far as their immediate needs are concerned. That generally has been the policy that we have been projecting.

I know how easy it is, by reason of my experience with those pioneers who went into the northern part of Canada, for a man to become discouraged. That all too frequently happens, but I say this, that we are at least devoting our effort towards giving Canadians in Canada, regardless of their race and political affiliations, a chance to become owners of that part of the national assets of Canada.

[Mr. Gordon.]

We must do it of necessity if we are going to support the services that have been projected, particularly railways. That necessitates turning a lot of our vacant spaces into production.

It may be asked, what is the use of doing it with price levels so low? Well, a few years is only a short space in the life of a country, and I think it will be only a short time before that condition disappears. If our own people do not accept the opportunity that I believe we are giving them—and it must be remembered that we have restricted immigration into this country for the purpose amongst others of giving our own people the first chance—in devoting any money we have towards the assistance of colonization by Canadians within Canada, but if our own people do not see the force of taking advantage of this opportunity, then I say that if we must have people we shall perhaps have to turn once more to seek new people from other lands. Bear this in mind, that at no time have there ever been any restrictions placed by this government on British people coming to Canada. That has never been done. But the movement is a slow one. Often we find that people even from Britain come out here for the purpose of colonization who are not suited. The selection was not made of them over there, and there have been disappointments. So far as the continent of Europe is concerned, it is well known that governments on the continent and many private agencies have devoted their energies towards moving the populations of Europe. Some of those countries are crowded, of course, and they are looking for an outlet wherever possible. It is equally true that no country likes to get rid of its best, and therefore it is essential that we exercise that degree of discrimination which is likely to result in contracting the migrations of peoples and result in the bringing to this country, so far as is humanly possible, those who are likely to be easily assimilated into our national life and become proper and useful citizens of this country. Shortly, that is my conception of the immigration policy which should be pursued. True, it is slow; it is not as colourful as the plan which has been followed in the past, but in my judgment it is the policy which will ultimately be found to be sound. Because, in my view, the greatness of a nation must be measured not merely by the number of people within its borders, but by the spirit and character of those people. That is the true measure of the strength of a nation.

In short, that is the policy this government is pursuing. While I do not expect we will attain one hundred per cent success in the movement, so far as I am personally concerned

I shall at least have the satisfaction of knowing that we have given our people at home a chance to take advantage of an opportunity and to become the owners of locations within Canada. I am convinced that a fair measure of success will be the result. The head of the colonization department of the Canadian Pacific Railway has handed me a list showing those who have settled on one short branch of that railroad in Ontario. It shows that during the past eighteen months 1,510 families settled there, without any help from the railway or from the government. Hon. members can see that at least some people in Canada believe that to establish themselves on farms, whether they intend to stay there or not, is the course of wisdom. The fact that they go to the farms is an illustration of their confidence in the belief that at least they can go into our farming communities and support themselves during this period when there is little or no employment security in industry.

Shortly put, that is the object of our devoting this comparatively small sum of money towards helping people to become self sustaining on the land.

Mr. BOULANGER: Mr. Chairman, I should like to add a few words to the remarks of the hon. member for Kamouraska concerning the back to the land movement. I do not wish to criticize the plan; on the contrary I should like to congratulate the minister upon its success, despite the difficult conditions under which it has been operated. The scheme is carried out through the cooperation of the federal, provincial and municipal governments, and applies only to the unemployed in the cities. Any hon. member who has been born on a farm knows that in order to be a successful farmer one has to be born to it. Farmers are not improvised; they are not trained in a day. To use a French expression, d'aujourd'hui à demain. Because of this handicap it is a surprise that the back to the land plan has met with such a degree of success.

It seems to me one of the great difficulties in connection with the execution of the plan arises from the fact that the municipalities are asked to contribute to the amount being spent in settling the urban unemployed on the land. Very few municipalities, with the exception of large cities such as Montreal, Winnipeg, Toronto or Quebec have any money to help settle their unemployed in faraway colonization districts. That is one reason why the plan does not work as successfully and as speedily as one might hope. Another reason is that the large municipalities which could contribute towards settling their unemployed on the land are not very anxious to spend the money to send the citizens away from those municipalities. I have been informed that the large cities are more or less reluctant to settle their unemployed in faraway colonization districts such as Abitibi, Timiskaming or even Temiscouata county. The reason is very simple: When the unemployed remain within the boundaries of a city they receive relief moneys for shelter, for food, for fuel, for clothing and so on. This money is spent in the cities in local stores, with consequent benefit to local trade. Some of it returns to the municipal coffers in the form of taxation. For those reasons, of course, the cities prefer to retain their unemployed and have them spend their relief moneys in the cities. They do not wish to have them go to distant points to settle on the land.

Mr. LAPOINTE: I do not agree with that.

Mr. BOULANGER: For those reasons I urge upon the government that it should relieve the municipalities from contributing to the land settlement fund, and that the scheme should be only a two party affair, between the federal and the provincial governments.

I have another suggestion to make to the government in connection with the back to the land movement, namely to enlarge the scope of the plan. At the present time it applies only to the city unemployed, and to the heads of families. As I said a minute ago, to be a successful farmer one has to understand farming and to be born to it. We cannot make a successful farmer of a person who has been living in the city for fifteen or twenty years. There is possibility of making a successful farmer of a man who has been in the city for only a short time. If he is a farmer who has been lured into the city, but has kept in touch with operations on the land and has not forgotten the elementary principles of farming, his chances of success are much better. But it is very doubtful whether a man who for fifteen or twenty years has been a labourer in industry could make a success, if he were transplanted in a far away district such as Abitibi or Timiskaming.

I repeat that in view of the conditions under which the back to the land movement has been operating its success has been marvellous. I would urge upon the government, therefore, to extend the plan, so that it might apply not only to city unemployed but also to farmers' sons. In old counties the scheme cannot be carried out. For instance, in an old county such as the one from which I come, a county which has been settled for over three hundred years, there can be no colonization. Our great problem is to know what to do with

our farmers' sons. We cannot place them in commerce or industry, we cannot place them even in the civil service. They are the real prospective farmers who would make a success on the farms. They have the proper training, they are familiar with farming, and they would be more successful than would be the city unemployed. I therefore ask the government to extend the scope of the back to the land movement so that it may embrace farmers' sons. The rural sections are full of young men who have nothing to do. They cannot get land in their neighbourhood; their fathers cannot place them in the parish where they were born, or the county or district, so they have to go far away. They can no longer go to the cities because there is no work; the only place they could go would be on the land in the colonization districts. There you have the very best of settlers. I would ask that the government find means to help those young farmers in the same manner as city unemployed are helped to settle on the land.

Another point I would like to bring to the attention of the minister is this: In some places where farms have been opened more or less recently the clearing of land has not advanced far enough to make them capable of supplying sufficient revenue to support the occupants. Those farmers are willing and anxious to increase their clearing, but they have not the money or the help to do it. I wonder if it would be possible to use some of the unemployed, more especially the unemployed living in the country, and even those living in cities, to help these farmers to clear their land. The owners of the farms cannot pay for help, but they could give them food and shelter if the government under a back to the land movement would undertake to pay a small wage to those engaged in clearing land for the benefit of already established farmers.

Another suggestion I would like to make concerns a plan which has been discussed for a long time in the province from which I come. At the present time the provincial government makes grants or pays premiums for clearing and ploughing on unpatented land; but once letters patent have been obtained the settlers no longer get those premiums or grants. It would perhaps be possible, under a scheme of co-operation between the federal and the provincial governments, to continue the payment of those grants or premiums even after letters patent have been granted. It would enable the farmers to clear enough to produce revenue sufficient to support themselves and their families. I offer these suggestions not in any spirit of criticism but only with the intention of making the land settlement plan a little better, a little larger, a little more beneficial for all concerned. Before I resume my seat may I be allowed to congratulate the acting Minister of Immigration and Colonization (Mr. Gordon) upon the sentiments and opinions he expressed last night and to-day on the question of immigration. I do not doubt the sincerity of the minister, and I am willing to admit that he has always held those opinions and sentiments; but may I be permitted to remind him that they have not always been the opinions and sentiments of his party? I remember very well, as those will who were with me here in 1928, that very few hon. members at that time held the opinions to which the minister gave expression yesterday. Very few of us warned the country to go slow on immigration. In the session of 1928 the then leader of the opposition, the present Prime Minister, made a savage attack on Mr. Forke because he was not filling the country up fast enough with immigrants. I am glad the opinion has changed, and that the acting Minister of Immigration and Colonization has expressed as favourable to a principle for which my good friend the hon. member for Quebec South (Mr. Power) and myself fought in the house in 1928.

Mr. GAGNON: Before the minister answers my hon. friend from Bellechasse (Mr. Boulanger) may I be permitted a few words to congratulate my hon. friend for the excellent spirit he has displayed in his criticism of the back to the land movement. I would have been much pleased if the criticism of my hon. friend from Kamouraska (Mr. Bouchard) had been on the same lines.

Mr. BOUCHARD: I made no criticism at all. Will my hon. friend permit a question?

Mr. GAGNON: I shall be through in a minute, and I do not want to enter into any controversy. I desire only to support what my hon. friend from Bellechasse has said about the sons of farmers from our districts, Bellechasse and Dorchester, who are unable to profit by the back to the land movement because our municipalities and districts cannot provide the sum of $200 which is required by the legislation. I think the suggestion of the hon. member for Bellechasse ought to be studied very seriously. May I suggest that this government in conjunction with the provincial government consider a plan whereby the cost of transportation of sons of farmers might be paid, in order to help those who wish to leave the old districts such as Dorchester and Bellechasse and the

counties situated south of the St. Lawrence, and go to the new territories like Timiskaming or Abitibi? Last year I had a request from a man in the county of Dorchester who had twelve children. He had secured lots in Abitibi for three of his sons but unfortunately he could not find the necessary money to carry his furntiure and family from Dorchester to Abitibi. He applied to the provincial government and to the federal government, but was told that the back to the land scheme did not provide for the cost of transportation of the sons of farmers. May I suggest that the government study that side of the matter and enter into negotiations with the provincial government to find a way of helping fathers of large families who are anxious to have their sons settled on land in the newer districts?

My hon. friend from Bellechasse says it is difficult to make a good farmer of a city dweller. That is true, but on the other hand my hon. friend and others on that side of the house should not forget that during the years 1927-28-29 a great number of sons of farmers were lured into the cities by industrial activity. For instance in Quebec when the Anglo-Canadian pulp and paper mill was opened I think 2,000 young people came in from the neighbouring districts to settle in Quebec. These people have since been unable to secure employment, but they are not city dwellers in the true sense of the term; they are sons of farmers who have been lured into the city but who would be willing to go back to the land and would make very good settlers.

May I also point out to those on the other side of the house that this government has taken into serious consideration the suggestion which has been offered by the provincial governments. The federal government has respected the autonomy of the provinces, and in regard to the back to the land movement this government has done nothing contrary to the wishes and desires of the government of Quebec. So we on this side of the house were surprised to hear the strong criticism offered in the house yesterday by the hon. member for Temiscouata, and we wondered if all hon. gentlemen opposite were of the same opinion. We would be interested, and I am sure the government of Quebec would be interested also, to know whether hon. gentlemen opposite share the views of my hon. friend from Témiscouata with regard to the colonization policy of Quebec.

This is all I have to say, Mr. Chairman, and I conclude my humble remarks by thanking my hon. friend from Bellechasse for his broad criticism. I am sure the government will take his suggestions in the proper spirit.

Mr. POULIOT: Unfortunately I was not in the house yesterday when the Minister of Labour said:

> If my recollection serves me correctly, and my hearing is right, the hon. member for Témiscouata directed his barrage against the province of Quebec.

When the house opened to-day I rose to a question of privilege and said:

> The hearing of the hon. gentleman may be correct and his recollection may serve him correctly, but his understanding was very poor because I did not direct any barrage against my own province, which I love as much as my country and which I am always fighting for.

Yesterday I said the following words, which appear at page 3156 of Hansard:

> In my remarks, I had no more the intention of attacking the Quebec government than attacking, in the house, the Minister of Labour, yesterday.

I was referring to my speech on March 2. I am sorry that the minister does not understand French, but it will be noticed that in my remarks yesterday I did not seek to place any blame on this or any other government. For this reason I was very much surprised to hear my hon. friend from Dorchester ask what Mr. Taschereau might think or what the Quebec government might think. I have nothing unpleasant to say about the Quebec government, but I find it very strange that the hon. member for Dorchester should stand on the platform and oppose the Quebec provincial government during every election and still be so much interested in their welfare between elections. He might be taken much more seriously if he supported the provincial government during elections as well as between election campaigns. What I said yesterday was mostly objective and not subjective; I wanted to give my unbiased views with regard to this extremely important problem confronting us at present. Speaking yesterday the Minister of Labour said:

> I am not unmindful of the situation, but the policy which I have outlined will be pursued.

So he is the father of that policy; he has given his name to it. So much the better for him if he is pleased with it, but there is a lot that can be said about this policy; he must be told where it is wrong. It does not matter what name may be given to it; it does not matter by whom the policy is out-

lined. The essential thing is that it should bring about efficiency, and if it does not do so it is a bad policy.

What did I say about those camps on March 2? I did not mention there were any camps in Témiscouata county, though I have since learned from a letter which appeared in the press that there were such camps. I did say they had these camps in the north and I saw families going there while there were no roads leading to their lots. I do not say I have been misquoted or misunderstood; I have said what I have said and nothing else. There is something I should say, and I do not refer to it because I have any quarrel with any person; I have no quarrel with anyone, but when a man is incompetent I ask for his dismissal without fear or favour. I am here to do my duty. I am not here to exact any sort of vengeance from this person or that, and I have no such idea and no ill feeling towards anyone. I will do my duty as best I can, and I will not be swayed by what may be said by the hon. member for Dorchester, or even by the minister himself. I fear no one but God, though after listening to the budget speech this afternoon I also fear for the future.

Here we have a scheme to send people back to the land, and it is advertised like a circus. Has it been well thought out? Is there a careful selection of the would-be settlers? On what basis is that selection made, and who makes it? Those are interesting questions.

In my constituency of Témiscouata there is a seigniory, an area two leagues wide along lake Témiscouata; that seigniory is a cancer in that farming district. Many people there suffered eviction, just as the Irishmen were evicted from their own country. That property formerly belonged to Seignior Thomas, who died, and now it is the property of the Fraser Company. There are several parishes contained in that siegniory: Sainte Rose du Dégelé, Notre Dame du lac, Saint Mathias de Cabano, Saint Louis du Ha! Ha!, Saint Eusèbe de Cabano. The new parish of Squatec is close by, and there is also the parish of Saint Juste du Lac. Among these are some rather old parishes, but the seignior refused to grant lots to the sons of the farmers, and as a consequence the young men could not settle near their homesteads. As a result they have had to settle on land farther away, though if conditions had been reversed there would not have been the gaps between those parishes and the crown lands in the eastern part of my constituency. For a long time now I have advocated an exchange of lots in order that the sons may be near their fathers. Nothing has been done except to create a new parish in front of Notre Dame du Lac, although there was a good location further south on the Madawaska river. That scheme has never been accepted for the simple reason that there was too much common sense in it. The lands in the vicinity of the Madawaska river are excellent for farming but they have been neglected. The soil is good and there is only one river to cross, a small river, to reach the other side. Lake Témiscouata is over a mile wide and is quite deep, and for about two weeks in the spring and two weeks in the fall it is impossible to cross it owing to the moving ice. Now this is my suggestion, which I have often made in public and in the press. I suggest that there should be an exchange of lots so that these vacant lands might be granted to farmers' sons who have experience in farming and who could settle near the old homestead. In the first place, the farmers must strengthen their position in the old parishes; they must strengthen the old fortress in each parish, and after that is done colonization should go forward step by step just as in the army. When a range in a new township is conceded, a second range should be conceded provided all the lots on the first range are inhabited by serious settlers. How can we pick and choose this and that one? How can we take Paul and Joe, Fred and Tom, and take them away into the midst of the forest and say to each of them, "You will have to settle here and there."

I submit that there has been no system in colonization; there has not been any system for some time, perhaps since confederation, and possibly even before that. I do not blame any government, but I offer them this suggestion and ask them to take it into serious consideration so that all may profit thereby. The Gordon scheme is a very nice name, and perhaps no one could suggest any better; but it must be lasting. It should not merely be a palliative. If it is only a palliative, what is the use of taking men from the city where they are on relief and placing them in the middle of the wilderness and giving them $600? They will simply die there; you might as well support them in the city. It would be cheaper, for it seems to me that the government will simply have to bring them back from the forest and see that they are cared for.

These are all serious considerations. More than that, Mr. Chairman, may I say that the reason I spoke as I did yesterday is that I am tired of this wonderful picture of colonization which is given us by those who have an

interest of some kind in painting it that way. Things must be presented to us exactly as they are; there should be no camouflage. If a thing is good, let it be so represented; if it is bad, we must be told that it is bad. But what have we here? We have the maple syrup of Dorchester uttering sweet words to the house in the same fashion as French fried potatoes are sizzled in the pan. We have complaints of every description—flowers of every kind. To-day it was just as at a wedding, flowers everywhere, flowers to this one and flowers to that one. I suggest that the minister is too much of a man to care so much for flowers.

Mr. GORDON: Certainly I don't like French fried potatoes and flowers in the same bouquet.

Mr. POULIOT: Well, this is about dinner time and that is why I said that, but when I spoke of French fried potatoes I did not mention the minister but my hon. friend from Dorchester. I say that it is simply a waste of time indulging in such compliments in regard to everything. The Minister of Labour is a jolly good fellow, but there are others on the opposite side who are so touchy that we have to wear white gloves in dealing with them. Is it manly? No; we have to get at the facts as they are. We had an example of this to-day; the Minister of Finance set a very good example when he told us the bare truth. We have been looking for the truth in regard to our financial situation ever since August, 1930, and the Minister of Finance to-day gave us the facts in this regard. Now, I am giving the truth with regard to colonization. I have a proper regard for the men but none for the system as it now operates, because it does not deserve it. I do not wish to be unpleasant to anyone in the province of Quebec, not even to Mr. Bilodeau, and I asked for his dismissal not only for the good of the settlers but for his own good. There is no personal feeling between himself and myself, nor is there any personal feeling between Mr. Taschereau and myself. That gentleman was kind to me and I appreciate it highly, and Mr. Laferté is not a bad fellow. But the important question is this: Have we competent men managing this scheme? I do not intend to reflect on the minister. He probably said to his staff, "I want this to be done in such and such a way". Well, who did it? Was it the provinces or the federal government? Under the scheme the sum of $600 is provided for each family, either $400 or $500 in cash quite early, and $200 or $100 later on. I say that this will not suffice. I do not think it is fair to treat people this way.

To sum up what I have said, I submit that in the first place there must be a proper classification of the unemployed, as was said yesterday. My hon. friend from Bellechasse spoke about farmers' sons who would be good settlers to take advantage of the scheme. That is all very well, but the farmers are now in such dire straits that they cannot give money to their children to live outside the home. Some of them are so badly off that they have no clothing for their children, so that the young ones cannot get the benefit of fresh air nor can they go to school this winter. I say this with a full knowledge of the facts. Not only that, but in those parishes that have been referred to by the Minister of Colonization for Quebec, and the names of which you will find enumerated in my speech yesterday, there are places where the situation is so bad that mothers of large families came to my place and told me that when it was raining the roof was leaking so much they had to put on extra clothes to keep from getting wet. Something should be done for these people. It cannot be done by money cooperation in colonization schemes, it must be done by a regular increase in the provincial subsidy. The British North America Act provides that the federal government shall have certain duties, certain responsibilities and certain rights and outlines the jurisdiction of each province in similar matters. During past years, and especially since 1930, the provinces have been coming to the federal government for assistance. This government owes them nothing more than the agreements in virtue of the British North America Act provide for, but if the provinces cannot manage themselves, they have to come here and ask for an increased subsidy. I would have no objection to an increase in that way. But as this matter of colonization has been decided by both the federal and provincial governments, I desire to discuss this matter and to express my views. Some of the money given to the provinces has been collected by federal taxation, and because of that fact, I feel it is my duty to fight for the recognition of these elementary truths. It is not pleasant for me to do this but I repeat that I feel it to be my duty and I shall continue upon this course until I have satisfaction. As I have said many times, I do not wish to be unpleasant to the minister but I cannot understand how he hopes to bring about a real cure for unemployment without having a classification. Otherwise, any measures adopted will be but palliatives. It reminds me of the director in the Quebec seminary which I used to attend. When we had a cold he would tell us not to use any cold

syrups because when a cold was not cured it lasted for thirty days and when it was cured, it lasted for twenty-nine days. This is the same thing, it is a palliative measure.

Unless we stop the country will be bankrupt. Common sense is the only thing that will stop this race to bankruptcy. There is no necessity of having a Union government to do this; the only thing needed is the co-operation of minds. I put the Minister of Labour (Mr. Gordon) in the category of those who can provide this. I ask him to see to it that more care is given in council to the preparation of our laws. The ministers have great responsibility but they should do more thinking before rather than after when preparing legislation to be passed by order in council or otherwise. I ask the minister to see, first, that there is a classification of those who want to enjoy the benefits of the Gordon scheme for the relief of unemployment and back to the land policies; second, that there is a classification of lots in order that settlers may be placed in convenient locations; third, that the position of the farmers in the older parishes is strengthened by filling up with new settlers the farms which are now vacant. These farms could be purchased by the government and given to the new settlers rather than having them placed back in the forests. When a man without experience in agriculture is placed upon the land he should really have one or two neighbours who have had farming experience. They would be like columns to support him in his efforts to obtain the benefits of this scheme. There should be no vacancies in our settlements. There have been cases where a man has succeeded in getting a letters patent for his lot and then selling it to a lumber concern. The timber was taken off and no one wanted to cultivate the land, thus leaving a vacancy in the community. If the minister says he will consider the classification of the unemployed, I shall be satisfied for the moment.

Mr. NEILL: Might I suggest to the minister that this evening he be prepared to make a statement in connection with unemployment insurance? I spoke on this matter yesterday and quite a number of hon. members on this side have expressed the desire to obtain some information on the subject.

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

CANADIAN RAILWAY EMPLOYEES MUTUAL BENEFIT ASSOCIATION

The house in committee on Bill No. 17, to incorporate the Canadian Railway Employees Mutual Benefit Association—Mr. MacInnis—Mr. LaVergne in the chair.

On section 1—Incorporation.

Mr. WHITE (London): As no explanation was given of this bill on the first or second reading, and as the sponsor's name has been changed in the meantime, I should like to hear an explanation of the bill from the present sponsor.

Mr. MacINNIS: I understood, Mr. Chairman, that on the introduction of any bill into the house the sponsor had to give an explanation. This bill is very simple. It is to incorporate certain persons as the Canadian Railway Employees Mutual Benefit Association, as a fraternal benefit society, carrying benefits and insurance for the protection solely of the members, their families and dependents, and not for profit. The bill as it is now before the house has received the approval, I understand, of the superintendent of insurance and has passed the banking and commerce committee without amendment. I do not think that there is any further explanation necessary at this time.

Mr. STEVENS: It is generally understood that the organizations of railway employees of Canada have very well established and well organized benefit societies, conferring upon their members certain privileges with respect to insurance and other matters of that kind. Glancing through this bill I am wondering whether it would not conflict with existing organizations. The point I am making from my long knowledge of and acquaintance with these organizations is that generally speaking they are very well managed, and some of them are quite powerful so far as their long standing and accumulation of funds is concerned. One of the main things that is necessary in an organization of this kind is the security of its funds. I am just wondering whether this new organization may not conflict with some of the existing well-established organizations. Perhaps the hon. member would give us some information on that point.

Mr. MacINNIS: As the hon. gentleman well knows, it would be rather difficult to form any new organization that might not possibly

conflict with another already in existence; but as I understand the situation, from many years' association with trades union organizations, they are organized first of all as a protection for their members in dealing with their employers. The matter of insurance of various kinds is secondary. Most of these organizations, including the international organization to which I myself belong, give death benefits and old age and disability benefits. In our local organizations we go beyond that, although, being a local organization, we have not federal or provincial authority. But we have our own sickness and death and disability benefits. I do not know to what extent this organization might conflict with other organizations already established so far as insurance is concerned.

Mr. GRAY: I should like to follow up what has been said by the Minister of Trade and Commerce. I should also like to hear from the chairman of the committee before which this bill was considered. It is my understanding that the railway brotherhoods are largely opposed to this bill. I agree with the Minister of Trade and Commerce when he says that this society might infringe upon, or at least will add to, the brotherhood organizations already in existence. Just a few weeks ago there appeared before the Prime Minister and the cabinet a number of men representing railway employees no longer employed, and it was then stated quite plainly to the Prime Minister and the cabinet that the majority of the men appearing before them were men who had formerly been in brotherhoods and now found themselves unable to pay their dues and consequently were, so to speak, outside the pale. As a consequence of being unable to keep up their dues they found themselves in the unenviable position of not being able to get what they considered their just rights with the railway trades unions. I submit, Mr. Chairman, that before we proceed to incorporate another benefit society, if you wish to call it that, we should know very clearly whether it is the wish of the organized brotherhoods which have been in existence for a number of years, and which, I believe I am correct in saying, are having difficulty in making their organizations stand up, that another society of this kind should be incorporated.

Mr. SMOKE: If it is true, as stated by the Minister of Trade and Commerce, that the railway employees already have a brotherhood, it seems to me that in these times when economy should be the watchword it is a mistake to incorporate another such society. For that reason I think this bill should be rejected, but whether or not at this stage I am not in a position to say. It does seem to me that in these times of stress and strain it is a mistake to incorporate another such federation as this, because obviously it will cost more to carry on two institutions of this sort than one.

Mr. NICHOLSON: It is necessarily true that if this bill is passed and the organization is incorporated it will come into direct competition with organizations already in existence. However I do not believe I should be disposed to oppose the bill on that ground if, in other respects, it was sound. In organizations of the kind which I know something about, the insurance funds and the general funds are kept entirely separate. The premium on insurance is paid as such, and the assessments for general purposes are paid into separate funds and used only for the purposes of those funds. They are not allowed to overlap. Any sound insurance scheme necessarily must involve the payment of the premium into the insurance fund, and that it be kept there for the purpose of insurance and for nothing else. However, that is not what we find in this bill, and it is because of the different provisions contained herein that I voice my opposition.

In its present form I do not believe the House of Commons should pass the bill. I am surprised that the hon. member has proceeded with the bill as it appears before us. Manifestly, if he has read the bill he has not understood it, otherwise I do not believe he would have allowed it to come before us in its present form. The purpose of the bill is to bring into being a new association or organization for a variety of purposes, among others to organize, establish and carry on local branches of the society. Then, the second purpose for which it is incorporated is that of uniting its members in social and fraternal bonds. No one could object to an association of men brought together for the purpose of social and fraternal activities.

Then the bill proceeds to define a variety of classes of insurance which may be put into effect in regard to only a portion of the members of the association. The bill differentiates completely between this proposed society and organized brotherhoods which have been in existence for more than half a century. In these organized brotherhoods every member must take out an insurance policy. Not so in the present instance; they may if they wish. The first purpose of incorporation is to unite the members in social and fraternal bonds. Then, let us follow the provisions of the bill.

In subsection (c) of section 4 we find provision for a variety of insurance, among others sick benefit, old age pensions, annuities and health insurance.

Then the bill provides that the society shall have power to fix and refix the amounts of premiums. There is no stabilized premium fixed at all. If there are a thousand members in the society, thirty per cent may take out insurance, and the remaining seventy per cent may be there for social and fraternal purposes. Then what follows? As we read the bill we find provision for the establishment of different funds. Let me read paragraph 9:

The society shall have power from time to time to make, amend and repeal by-laws and regulations for governing the election of officers and trustees and prescribing and defining their duties and powers, the holding of meetings, the admission of members, fixing and refixing of the amounts of the premiums, dues and assessments to be paid by its members, and generally for the government and management of the society.

Note the expression "fixing and refixing of the amounts of the premiums". Then, let us follow on:

10 (1) The society may maintain a general fund to which shall be credited all dues and other sums intended to be used for the payment of expenses of administration and all expenses of the society shall be payable out of such fund.

That refers to the expenses of social and fraternal activities. It may refer to golf courses; anything, aside altogether from insurance, is embraced by this clause. Now we come to subsection 2 of section 10—and at this point to my mind we begin to touch the vicious principles behind the bill:

The society may make provision in its by-laws whereby in the event of there being a deficiency in the general fund—

Hon. members will note the provision is for a deficiency in the general fund, not the insurance fund. And in such circumstances what may they do?

—the annual meeting of the society may in any year provide for the allocation to the general fund of such portion as the actuary of the society may recommend of the premiums or assessments, falling due during the succeeding twelve months—

To the extent of one-sixth of the total premium. That is not all they may do. Assuming that there is a surplus in the annuities fund, or that the actuary makes a calculation that there is such a surplus at the end of one year, and finds at the end of the next year that he is short—in such circumstances subsection 4 applies:

If at any time the general fund or a surplus in any other fund becomes exhausted or is in danger of becoming exhausted, the board of trustees shall have power to make a proportionate assessment upon each member in the fund—

Note this: They exhaust the moneys in the annuities fund or life insurance fund for general purposes and may then turn around and assess the men in that particular fund. They use the funds of the man who takes out life insurance, or provides an annuity for his family, as a surplus for general purposes, and then assess him again to reestablish or replenish his own fund. Then we find in section 11:

The society may make provision in its constitution whereby—

And bear in mind there is no constitution or no set of by-laws attached to the bill—

—such portion as shall be approved by the actuary of the society, of the surplus above all liabilities in any benefit fund, may be applied to grant new or additional benefits to the members—

If I understand English at all, section 11 simply means that out of the surplus insurance fund which is being paid by a certain class of insurers or policyholders funds may be taken to place insurance on individual members of the society who have never carried any kind of insurance whatsoever.

Then the final clause, No. 12, is as follows:

Except as hereinbefore otherwise provided, the Canadian and British Insurance Companies Act, 1932, shall apply to the society.

By this bill we are asked to legislate right out from under the insurance law of the country, and to set up a special set of provisions for the society asking incorporation, a society the purposes of which are wholly undefined in the bill.

As the hon. member for West Lambton has said, this association would come into competition with organizations which are finding it very difficult to carry on. However I do not oppose the bill on that ground. I oppose it because from A to Z it is absolutely unsound, and because the parliament of Canada should not permit any group of men to sell insurance to railwaymen or any other class under conditions such as are set out in the bill. I am amazed that the hon. member should have proceeded with the measure as it stands without first having studied it and learned its exact meaning.

Mr. HACKETT: Mr. Chairman, I believe that some of the statements made by the last speaker may have been made without full information.

Mr. NEILL: Hear, hear.

Mr. HACKETT: It is a matter of indifference to me whether or not the bill before us passes. However I am a member of the banking and commerce committee which gave careful consideration to it. I believe the house need only consider whether or not a number of men who have complied with the law are entitled to become incorporated. The hon. gentleman who has just spoken need have no fear that this new organization will engage in the insurance business in a way that is unsound.

Mr. NICHOLSON: Are they permitted under this act to engage in the insurance business on the side?

Mr. HACKETT: No. Section 12 of the bill reads:

> Except as hereinbefore otherwise provided, the Canadian and British Insurance Companies Act, 1932, shall apply to the society.

The CHAIRMAN: Order. We are on clause 1.

Mr. HACKETT: But I am drawing to the attention of the committee the fact that clause 1 as well as the rest of the bill—

The CHAIRMAN: The remarks of the hon. gentleman would be in order on the second or third reading, but in committee we must discuss the bill clause by clause.

Mr. HACKETT: But I am answering a question.

The CHAIRMAN: Even so I think at present it is out of order.

Mr. HACKETT: If the chairman had made a ruling when the question was asked I would not have endeavoured to answer it. However, the point I wish to make is that the bill itself and the clause under consideration have been carefully considered by the superintendent of insurance, who took no exception to it and assured the committee that the insurance business could not be engaged in unless the necessary deposits and guarantees and actuarial assurance were provided.

The CHAIRMAN: The hon. gentleman is perfectly in order on clause 3, but clause 1 is the name only.

Mr. WHITE (London): Coming as I do from an important railway centre in western Ontario I have more than an ordinary interest in this bill. Quite a number of members of railroad organizations have spoken to me in opposition to it. I join with those who oppose it on the ground that it is not necessary, that there are already many organizations which can take care of the very work this is intended to do. On the Canadian Pacific Railway there are local and system-wide organizations; on the Canadian National Railways there is the Intercolonial provident fund, the Grand Trunk provident fund—

The CHAIRMAN: Order. The question is on clause 1, whether these gentlemen named are to form this corporation; that is all.

Mr. WHITE (London): I am coming to that. Then there are the Canadian National Railways Pension Act and the Workmen's Compensation Acts of the various provinces. Negotiations are now being carried on with the railroads looking to a standard benefit association covering the entire government railways. Therefore I believe there is no need for this incorporation, not only for the reasons I have mentioned but also because there are less men by thousands now in the employ of the railroads than there were a few years ago. One hon. member made the statement in the debate on the railway bill that as between 1929 and 1931 there were 33,000 less railroad men employed. As between 1931 and 1933 the difference is impossible to say, but it strikes me that the total will run up to probably 50,000 less. So for that reason there is less need for this incorporation than otherwise might be the case.

As to the consideration by the committee of this first clause, I cannot find very much in the minutes. They merely state that the solicitor for those who wish incorporation was heard, and also the superintendent of insurance, and that it was passed without amendment. Evidently no representative of the railroad organizations appeared; possibly they were not aware of the bill coming before the committee.

Coming to the bill itself, I notice these men who seek incorporation are all from Vancouver. There is evidently no country-wide demand for such an organization; if there were, some of those who wish incorporation would have been resident in other parts of the country. It is true that in clause 1 there are listed several different trades, for example, three yard men, one conductor, two switchmen, one foreman, one fireman, two trainmen, one machinist, one hostler, one engineer and one motorman. But there are other things that I object to in connection with the incorporation. There are clauses which provide that all the offices can be given to those who seek the incorporation. There is another clause which deals with those who may be considered members of this society in good standing, confining it to those whom the society will admit. Anything of this kind

should be open to all employees of all railroads. Other bills which have gone through in years gone by, back to 1874, had that provision. Then there are conflicting clauses as to premiums, assessments and dues and some other things to which I might object.

Now I come to the list of men who are seeking incorporation. The first name on the list is Mr. McConachie; he is about the only one concerning whom I wish to say anything. I have made some inquiry as to his connection with the railroad brotherhood and his work on the railroad with which he is employed. I find that in five years he has worked a total of 690 days; in 1928, 223 days; in 1929, 287 days; in 1930, 145 days; in 1931, 29 days; in 1932, 6 days; and in the year 1933 has not worked up to the present. It may be urged that on account of lack of railway business he has not been allowed to work, but that is not the case, because he has been in the Canadian Pacific Railway service since 1918, which would assure his seniority, so that he would have no difficulty in working steadily. I assume, therefore, from what I have heard, and I believe my information is correct, that he has been engaged in other activities. I am told that he was the prime mover in an organization which was started a few years ago called The Big Four. The Big Four scheme in Vancouver, started by this gentleman and some others, was called an insurance scheme. In railway parlance The Big Four is understood to comprise the Brotherhood of Locomotive Engineers, the Brotherhood of Firemen and Enginemen, the Order of Railway Conductors and the Brotherhood of Railway Trainmen. The men who have spoken to me on the subject say that this name was appropriated by the people running this lottery—for that is what it really was—and employees of railroads were given tickets to sell, the name Big Four being used to give it a sort of standing so that the tickets would sell more readily. Tickets were sold which had an accompanying stub; the stubs and the cash collected were sent to Vancouver once each month, and a drawing was held each month on a certain date. The tickets sold at one dollar each. When the time arrived for the drawing the stubs were put in a container, stirred up, and a person was blindfolded and charged with the duty of withdrawing the stubs one by one. The first drawn carried a prize of $750, the second $500, and several others, perhaps about fifty different prizes of gradually lessening amounts. It is said that ten per cent was deducted from the receipts for the month for expenses, the prizes were paid and then claims for certain benefits were considered and certain sums paid to those who were thought worthy. That was so successful in Vancouver that an office was opened in Winnipeg; the Vancouver office looked after British Columbia while the Winnipeg office took care of the other western provinces. It is said that some $10,000 to $14,000 was collected at each office per month, but a year ago the Winnipeg office was raided by the police. The case came to trial; the court decided that this constituted a lottery, and a fine of $250, or some such figure, was imposed. After that the proceedings were carried on in a little different manner. I have one of the tickets here; on it appears the words "The Big Four relief fund, Manitoba and Saskatchewan railway employees, receipt for dues paid for January, 1933."

After the fine was imposed I am told that the same scheme was carried on from a Winnipeg hotel room. The drawings took place sub rosa, and were never carried on twice in the same place. I have here a list of payments for relief over a certain period, but I have not been able to find that any audited statement of receipts or of expenditures has been published. All that is made public is a statement of benefits paid, which is in the form of an advertisement for further sales; there is no accounting for these funds, and in my opinion the railway workers have been exploited. I see no reason why another organization should be built up, the expenses of which would have to come out of the pockets of the railway men. I do not think it is necessary to have such an organization; there seems to be no general demand for it; the reputation of those applying is not of the best, and the original sponsor of the bill has withdrawn. So there seems no reason why this bill should proceed further, and I therefore move that the committee rise.

Mr. MacINNIS: Mr. Chairman—

The CHAIRMAN: The motion is not debatable.

Motion agreed to on division.

SECOND READING

Bill No. 49, respecting a certain patent application of Fred Charles Fantz.—Mr. Anderson (Toronto-High Park).

CRIMINAL CODE AMENDMENT

Mr. P. F. CASGRAIN (Charlevoix-Saguenay) moved the second reading of Bill No. 46, to amend the criminal code (lotteries).

Some hon. MEMBERS: Explain.

Some hon. MEMBERS: Carried.

Mr. J. L. BROWN (Lisgar): I thought perhaps the mover of this bill would have something to say, because I have an amendment to offer.

Mr. CASGRAIN: I have already explained the bill.

Mr. BROWN: When this bill was put on the order paper I thought it was one that should command some attention, and I have been giving it some thought. The bill purports to deal with a somewhat unsatisfactory situation in regard to money obtained by lottery. This proposal is that before a person is allowed to sue for such money the consent of the attorney general must be secured, but I propose to offer an amendment which, though perhaps not an entirely satisfactory way to deal with the matter, from my point of view it seems more satisfactory than the bill as it now stands or the amendment proposed by the hon. member for Charlevoix-Saguenay (Mr. Casgrain). Before dealing with that matter, however, I think perhaps it might be well to place on Hansard the section of the code dealing with lotteries, especially in view of the fact that apparently before this session ends we will have before us a bill dealing with the whole question of lotteries in perhaps a more comprehensive way. So for the information of the public and perhaps for the information of many hon. members I propose to place on Hansard section 236 of the criminal code, even though it may take a few moments to do so. The section reads:

Every one is guilty of an indictable offence and liable to two years' imprisonment and to a fine not exceeding two thousand dollars who—

(a) makes, prints, advertises or publishes, or causes or procures to be made, printed, advertised or published, any proposal, scheme or plan for advancing, lending, giving, selling or in any way disposing of any property, by lots, cards, tickets, or any mode of chance whatsoever; or

(b) sells, barters, exchanges or otherwise disposes of, or causes or procures, or aids or assists in, the sale, barter, exchange or other disposal of, or offers for sale, barter or exchange, any lot, card, ticket or other means or device for advancing, lending, giving, selling or otherwise disposing of any property, by lots, tickets or any mode of chance whatsoever; or

(c) conducts or manages any scheme, contrivance or operation of any kind for the purpose of determining who, or the holders of what lots, tickets, numbers or chances, are the winners of any property so proposed to be advanced, loaned, given, sold or disposed of; or

(d) disposes of any goods, wares or merchandise by any game or mode of chance or mixed chance and skill in which the contestant or competitor pays money or other valuable consideration; or

(e) induces any person to stake or hazard any money or other valuable property or thing on the result of any dice game, shell game, punch board, coin table or on the operation of any wheel of fortune:

Provided that the provisions of paragraphs (d) and (e) of this subsection in so far as they do not relate to any dice game, shell game, punch board or coin table, shall not apply to any agricultural fair or exhibition, or to any operator of a concession leased by any agricultural fair or exhibition board within its own grounds and operated during the period of the annual fair held on such grounds.

2. Every one is guilty of an offence and liable on summary conviction to a penalty of twenty dollars, who buys, takes or receives any such lot, ticket or other device as aforesaid.

3. Every sale, loan, gift, barter or exchange of any property, by any lottery, ticket, card or other mode of chance depending upon or to be determined by chance or lot, is void, and all property so sold, lent, given, bartered or exchanged, is liable to be forfeited to any person who sues for the same by action or information in any court of competent jurisdiction.

4. No such forfeiture shall affect any right or title to such property acquired by any bona fide purchaser for valuable consideration without notice.

5. This section includes the printing or publishing, or causing to be printed or published, of any advertisement, scheme, proposal or plan of any foreign lottery, and the sale or offer for sale of any ticket, chance or share, in any such lottery, or the advertisement for sale of such ticket, chance or share, and the conducting or managing of any such scheme, contrivance or operation for determining the winners in any such lottery.

6. This section does not apply to—

(a) the division by lot or chance of any property by joint tenants or tenants in common, or persons having joint interests (droits indivis) in any such property;

(b) raffles for prizes of small value at any bazaar held for any charitable or religious object, if permission to hold the same has been obtained from the city or other municipal council, or from the mayor, reeve or other chief officer of the city, town or other municipality, wherein such bazaar is held, and the articles raffled for thereat have first been offered for sale and none of them are of a value exceeding fifty dollars;

(c) the distribution by lot of premiums given as rewards to promote thrift by punctuality in making periodical deposits of weekly savings in any chartered savings bank;

(d) bonds, debentures, debenture stock or other securities recallable by drawing of lots and redeemable with interest and providing for payment of premiums upon redemption or otherwise;

(e) the Art Union of London, Great Britain, or the Art Union of Ireland. R.S., c. 146, s. 236; 1922, c. 16, s. 11; 1925, c. 38, s. 4.

Mr. LAVERGNE: The Art Unions of Great Britain and Ireland are exempted from the provisions of section 236—

Mr. BROWN: I am not discussing that matter.

Mr. LAVERGNE: It is very important.

Mr. BROWN: I have read the section as it appears, and if the hon. gentleman wishes to move an amendment he can do so.

Mr. LAVERGNE: There are two foreign countries that are exempted under the code.

Mr. BROWN: I have read the section of the criminal code dealing with the question of lotteries. Subsection 3 is the provision which it is proposed to amend by inserting these words:

—after having obtained the leave of the attorney general for the province in which the proceedings are taken.

It would seem that in order to protect his winnings, the winner of the prize gets his relatives to sue, thus precluding any outsider from suing. That seems to be the purpose of the amendment. It might however be a false assumption that the attorney general of a province would always wish to protect the winner; it might very well be that the attorney general, if he had a certain attitude of mind towards lotteries in general, would prefer someone else to sue.

I said I wished to propose an amendment and it is this. I move, seconded by the hon. member for Antigonish-Guysgorough (Mr. Duff):

That all the words after "forfeited to" in the twelfth line be struck out and the following substituted:

"the crown in the right of the province whenever any person, having secured leave of the attorney general, sues for the same by action or information in a court of competent jurisdiction."

Mr. CASGRAIN: I rise to a point of order. I am not sure whether the hon. gentleman has the right to move an amendment on the second reading.

Mr. SPEAKER: The hon. member has offered an amendment which is not in order, but he has the right to continue speaking on the second reading.

Mr. BROWN: Very well then. That will be the amendment which I shall move when we are in committee, and I presume it will be in order. Let me continue speaking on the principle involved in the amendment. The difference between the original bill and the amendment I propose to move at the proper time is that in one case the man who has come into possession of money or goods in an illegal manner is protected in his winnings, whereas in the other he is not. It is not altogether satisfactory to me that even the crown should come into possession of goods that are obtained illegally, but of the two alternatives I would choose the latter. It seems much more fitting that instead of the winner of a prize which is obtained in an entirely illegal manner being protected in the holding of his winnings, the crown should come into possession of the prize. That is the difference between the two.

Mr. LAVERGNE: There is something that strikes me as an anomaly in the criminal code in section 236 which the bill proposes to amend. Not coming from such solid Puritan stock as the hon. member for Lisgar (Mr. Brown), I have no objections personally to lotteries. I think on the whole they might prove to be a good thing in connection with our national loans and to help our hospitals and charitable institutions. If we are going to amend section 236 of the criminal code, why not strike it out altogether? Under this section it is a crime for any Canadian to hold a lottery, to sell or buy tickets or participate in a lottery, yet under paragraph (e) of subsection 6, the Art Union of London, Great Britain, and the Art Union of Ireland are exempted. Lotteries are either good or bad, and if they are bad, they must be just as bad for the Art Union of London, Great Britain, and the Art Union of Ireland as they are for the individual Canadian.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the hon. gentleman who has just resumed his seat (Mr. LaVergne) has referred to the provisions of the criminal code which exempt from the operations of the law the Art Union of London and the Art Union of Ireland. I have not had time to send for the statute I have in mind, but lotteries had worked such havoc among the masses of the people in Great Britain that parliament intervened and made them illegal. If any hon. member is interested and takes the time to look up the speech made in the House of Lords by Lord Chesterfield, remarkable for the letters he wrote to his son, he will find the most powerful indictment of lotteries which could be made in any language. With every word he said I am wholly in accord. When lotteries were made illegal in Great Britain an exception was made in the case of the Art Union of London and the Art Union of Ireland in order to promote the distribution of paintings and works of art. Perhaps upon a later occasion I shall have an opportunity of bringing this statute into the house in order that hon. gentlemen may be informed as to why this exception was made. The provisions of that statute were

applicable throughout the empire, but under the statute of Westminster, if we now desire to remove from our criminal code the exception in favour of the Art Union of London and the Art Union of Ireland, I do not think there is any doubt we have the jurisdiction to do so. I should like the hon. gentleman who has just spoken to realize that the genesis of that exception was to give an opportunity to these organizations to distribute paintings and works of art. The limitations imposed by the statute were such as to ensure that the prizes would not be money but works of art or the result of the genius of painters reflected sometimes in masterpieces. The exact date upon which this statute was passed is not in my mind. Possibly some better informed member will be able to give the house this information. My memory is, and I rely solely upon it, that it was somewhere about 1826.

I do not think that any good purpose would be served by leaving it in the power of any one man to determine whether or not action should be brought to recover the winnings of a lottery. That is my own personal opinion. As the hon. member for Lisgar has said, if there are winnings from a lottery and the law as it now stands makes lotteries illegal, the returns should be forfeited to the crown in the manner in which his amendment proposes. As the Minister of Justice points out, a burglar's tools are forfeited, on conviction, as well as liquor and the automobile in which it is being carried. It might well be that money won in a lottery should be forefeited to the crown rather than to an individual who might prompt action. It is something like a quantum action in which half the proceeds go to the informer. I must say reluctantly to the hon. member for Charlevoix-Saguenay (Mr. Casgrain) that I do not share his views as to the desirability of placing in the hands of an attorney general of any province the power of saying whether or not an action should be instituted by any person or persons for the purpose of recovering money won by some other person in a lottery. I have the strongest possible opposition at the moment to any effort being made to stimulate speculation by the Canadian people. During the last four or five years they have been gambling with various mining shares and other matters with a terrible result. I think that any benefits which might accrue to individuals through lotteries are more than offset by the ill that is done by having the savings of thrifty Canadians risked in purely speculative ventures.

UNEMPLOYMENT AND FARM RELIEF

CONTINUATION FOR ONE YEAR OF PROVISIONS OF RELIEF ACT, 1932

The house resumed consideration in committee of the following proposed resolution—Mr. Gordon—Mr. LaVergne in the chair:

Resolved, that it is expedient to introduce a measure to continue in force the provisions of the Relief Act, 1932, until the 31st of March, 1934.

Mr. VENIOT: In 1931 an order for 2,000,000 ties was placed and I should like to know if the full cost of that order was charged to unemployment relief.

Mr. GORDON: Under the 1931 act the cost of those ties was charged to unemployment.

Mr. VENIOT: I understand a further order for some 800,000 ties is being given by the Canadian National Railways. Are these to be paid out of the unemployment relief fund or are they to be chargeable direct to the Canadian National?

Mr. GORDON: That order wil be chargeable to the Canadian National Railways.

Mr. LAPOINTE: Reference was made last night to orders in council P.C. 2787 and 2171, by the first of which an amount of $1,447,222.71 was advanced to the Canadian Pacific Railway to pay the wages of men employed in the shops, and by the other the sum of $1,000,000 was advanced to the same railway also to pay the wages of the men employed in the shops. In both those orders in council there is reference to arrangements that have been made to maintain operations in the shops of the Canadian National Railways. I should like to know what arrangements have been made with the Canadian National Railways for the purpose of permitting the employment of their workmen in the shops.

Mr. GORDON: At the time the first order in council was passed authorizing the $1,400,000 odd in payment of the wages of the employees on the Canadian Pacific, the position of the shopmen on both railways was giving a good deal of concern, and it was felt that keeping those shops open for a short time would probably be as sound a measure of unemployment relief as the government at that time could well adopt. The Canadian National directorate did make arrangements and provide for keeping their shops open. They might have closed them, and a great many of their employees would then of course have come on relief. Having regard to the fact that the Canadian National Railways, receiving as they do their money from this parliament, were keeping their

shops open, it was the opinion of the government, in view of the situation in which the Canadian Pacific Railway found itself, that provision should be made for the loaning to the Canadian Pacific of the amount of $1,400,000 odd in order that they might keep their shops open for a similar length of time. With reference to the authorization of a further $1,000,000, that money, while authorized, has not yet been spent, as the return of the wages paid has not yet been submitted to the government.

Mr. LAPOINTE: The Canadian National Railways did not get any advance from that relief fund?

Mr. BENNETT: Perhaps I might explain, as the hon. Minister of Labour was not then in that department. The former Minister of Labour, Senator Robertson, dealt with this matter, and under the arrangements made, the Canadian National shops were kept open on part time without a shutdown, but the Canadian Pacific shops had been closed, and it was a question as between giving direct relief and loaning the money to keep the shops in operation for the period of time mentioned in the order in council. But the order in council was not passed until long after the expenditure had been incurred, and with the application there were filed the vouchers signed by the workmen for all the moneys thtat had been expended for actual labour, as represented in the order in council.

There is one further thing to be said. The company thought that if there was an improvement in business it would not be essential that they should get a loan, but when there was not that improvement as expected, the order in council was passed. It will be observed that the order in council is dated September 30, 1932, long after the expenditure had been incurred, the expenditure being made in the month of December, 1931.

Mr. LAPOINTE: My question relates to the Canadian National Railways shops. What has been done about them?

Mr. BENNETT: They were not closed. Senator Robertson made an arrangement that permitted the Canadian National shops, by staggering employment, and with partial shutdowns, to continue open, and the recital in the order in council has reference to the arrangement made by Senator Robertson, with which the present Minister of Labour was not then familiar.

Mr. LAPOINTE: May I refer my right hon. friend to an answer that he gave me this session on November 8, at page 924 of Hansard. The hon. member for Maisonneuve (Mr. Jean) had asked a question which included this:

4. Did the government make similar advances to the Canadian National Railways?

My right hon. friend, the Prime Minister, did not reply at first to that part of the question, and I asked him what about part 4 of the question, reading, "Did the government make similar advances to the Canadian National Railways?" And the Prime Minister replied:

I thank my hon. friend for bringing that to my attention. Yes, the government did make similar advances.

That is not what my right hon. friend says now.

Mr. BENNETT: That is what I wished to convey at that time, and if the hon. gentleman had so desired it could have been amplified. There were in point of fact larger advances to the Canadian National than to the Canadian Pacific, but the advances were made by not shutting the Canadian National shops down during that period. There was more employment and a lessening of unemployment by the shops continuing to remain open during that whole period under consideration. There never was a shutdown of the Canadian National shops during that period, whereas in the other case there was a shutdown.

Mr. LAPOINTE: But any aid given to the Canadian National Railways was not taken out of this vote?

Mr. BENNETT: Oh no, none at all, so far as my memory goes, except the ties, as was mentioned by the minister a few minutes ago.

Mr. VENIOT: I brought this question up the other day, and to-night the Prime Minister leaves the impression on the committee that there was no closing down of the Canadian National shops, that there was continuous work.

Mr. BENNETT: Not continuous work, but not a continuous shutdown.

Mr. VENIOT: There was not an absolute shutdown in the shops at Moncton. The work was intermittent, the shops working sometimes four days a week, and so on.

Mr. MANION: That was true all over the country.

Mr. VENIOT: Yes. But the point I wish to make is that while the Canadian National shops were kept open in an intermittent way

for purposes of relief, the money so expended never came out of the relief money voted by this parliament; it came out of the earnings of the Canadian National Railways, and the earnings of the road not being sufficient to meet the expenses, that amount is charged up as part of the deficit of the Canadian National Railways. Now to meet that deficit we have borrowed money on which we are paying 4¼ or 4½ per cent. While we are charging interest to the Canadian National in that regard, we are loaning money to the Canadian Pacific at no interest at all, and in order to pay the Canadian Pacific the money that was earned under that order in council we floated bonds on which we are paying 4¼ or 4½ per cent interest. I claim that it is not fair. It is not treating the Canadian National system right, and especially the Atlantic section, which during last year in the reduction of operating expenses was cut down to the expenditure of one-half of the whole difference between 1931 and 1932, as compared with the total mileage of the Canadian National railways throughout Canada. If we are going to furnish money to the Canadian Pacific without charge, and we are going to say to the Canadian National, "Keep your shops open for a certain number of days in the week or a certain number of days in the month," and then charge that expenditure up as part of the deficit of the Canadian National and make them pay interest on it at 4¼ per cent, I claim that we are not dealing fairly with the Canadian National.

Mr. BENNETT: The only difficulty about the hon. gentleman's observations is that they happen to be inaccurate.

Mr. VENIOT: They are not.

Mr. BENNETT: That is the only difficulty, and I think I can satisfy him on that point—even the hon. gentleman himself. In 1931 there was a surplus of revenue over expenses on the Canadian National Railways.

Mr. VENIOT: Not on the Atlantic division.

Mr. BENNETT: Excuse me—on the system as reported; and the operating expenses include charges for the keeping open of the shops. The surplus was approximately $2,000,000.

Mr. VENIOT: How much?

Mr. BENNETT: $2,000,000. In 1932 there was also a surplus of approximately $5,000,000. So that no part of the deficit paid by this parliament had reference in any way, shape or form, directly or indirectly, to the operating expenses in which were included charges for the keeping open of the shops. The expense of keeping the shops open was charged against the operating expense of the road, from week to week and from month to month, and at the end of the year there was a surplus of income over operating expenses. The deficit was with respect to interest on capital, improvements and betterments.

Mr. VENIOT: I do this with some trepidation, but allow me to correct the right hon. Prime Minister. There was no surplus on the Atlantic region, and that is what I am talking about. There was a deficit of over $5,000,000 in 1931 on the Atlantic region, part of it being charged up to the Maritime Freight Rates Act, and the balance charged to operating deficit of 1931. I know whereof I speak. I rely on the records laid on the table of the house. I refer to the Atlantic region, and if the right hon. Prime Minister attempts to show there was a surplus which included the whole Canadian National railway system, he is wrong. I do not accept his word, because I know I am right. It is a matter of choosing between two facts; under the rules of the house I am not bound to accept the Prime Minister's word; knowing I am right I cannot accept it. In the year 1932 on the Atlantic region of the Canadian National railways there was a deficit of between $4,000,000 and $5,000,000. Those shops were kept open intermittently for the purpose of helping out the unemployed. At the time we were charging as a deficit the operation of the Moncton shops, we were loaning money to the Canadian Pacific Railway without interest.

Mr. BENNETT: I hesitate to trespass upon the time of the committee; I do not wish to waste the time of hon. members by talking about two incomparable matters. I was talking about the Canadian National railways system; the hon. member who has just taken his seat was talking about the Atlantic division. I am not talking about the Atlantic division. I have said that in the year 1931 there was a surplus of $2,000,000 on the operation of the Canadian National system. That is all I am concerned about. I could point out a dozen places where there were deficits in the Canadian National system, but at this time I have simply stated that there was a surplus of revenue over expenses. That is all I have to say.

Mr. VENIOT: I have more than that to say. The Prime Minister should know, and I am sure he does, that the Atlantic region, the old Intercolonial, the shops of which are at Moncton, is not under the Canadian National railway system. Their accounts are

kept separately. The Canadian National directors are authorized by order in council to manage the road. As I said the other day, the Atlantic section represents a bond between the maritime and the central provinces which was arranged at the time of confederation. All governments have religiously safeguarded the status of the old Intercolonial by saying, through order in council, that the members of the directorate of the Canadian National system on behalf of the government of Canada shall manage the road, shall keep the accounts separate and submit them to parliament. Under that arrangement the Atlantic region has had a deficit during the last five or six years. Therefore I submit the Prime Minister's argument does not hold water.

Mr. HEAPS: I spoke a week or so ago concerning a matter which has just been mentioned. I addressed the Minister of Railways with regard to men employed at the railway shops as the result of a grant given by the government to the Canadian Pacific Railway. I have in my possession a couple of letters concerning this important point. Some of the men employed in the shops of the Canadian Pacific Railway claim they have not received the amount of work they should have received as a result of the grant given by the government to the railway company. They claim the work they should have done was being done by the foremen on a monthly basis. Because the men who were employed on a monthly basis were doing a great deal of the work, those who were employed on an hourly basis did not have the opportunity for work they should have had. If such is the case it means that the advantages gained by the grant given to the Canadian Pacific have to a large extent been nullified by the action of the railway in giving work to permanent employees who, in any event, would receive their monthly cheques.

I believe the Prime Minister said to-night, as well as on a previous occasion, that some vouchers signed by the men had been presented either to the cabinet or to parliament. I am wondering whether those vouchers will be open for inspection, so that those who to-day are urging that the men on an hourly basis have not been treated fairly might receive some satisfaction. Could the vouchers be looked into so that we might ascertain whether the men received the advantages which they should have had from the moneys granted by parliament?

Mr. BENNETT: There are several volumes of vouchers respecting some 8,000 employees scattered across Canada from the Atlantic to the Pacific. Those vouchers are filed at the Privy Council office. I shall speak to the Clerk of the Privy Council so that it may be possible for the hon. gentleman to examine them.

Mr. LAPOINTE: Is this money advanced to the Canadian Pacific to keep all their shops open? Is there any specification as to what shops will be kept open? Because I know at the present time in my own city and my own constituency employees in shops are threatened with unemployment. I know that negotiations are being carried on between the city council and the company. If a million dollars was advanced to keep the shops open I suppose Quebec will have the same treatment as other places where there are shops?

Mr. BENNETT: All the shops were kept open, but it was a period of time during the Christmas season. It will be observed in 1931 the work commenced some time past the middle of November and continued up to the last work day before Christmas week. The same course was followed in 1932. The agreement was—and I have every reason to believe it was carried out—that there should be no discrimination, but that all the shops should be worked for the number of days the money would permit. But it was in November and December, 1932 that it was done.

Mr. LAPOINTE: But the moneys are to be paid in 1933?

Mr. BENNETT: Yes.

The CHAIRMAN: Shall the resolution carry?

Mr. NEILL: No.

Mr. CASGRAIN: During the past few days we have heard a discussion concerning relief measures in the province of Quebec. Personally I do not intend to speak at length concerning points already covered by other hon. members. I am aware that some people find fault with certain legislation which has been in force in the province of Quebec. In the province from which I come I notice the law has been administered through the efforts of the Minister of Colonization, Game and Fisheries, the Hon. Hector Laferté. I hold no brief for him or for the provincial government in this matter, but I think it is fair to say that the law has been administered by the Department of Colonization, Game and Fisheries of the province of Quebec in a fair way, and that the people in the various districts where settlements have been made are satisfied. For instance in the district I have the honour to represent in this house I know

that some new settlements were established behind Ste. Agnès and St. Siméon in the county of Charlevoix, also the north shore of the St. Lawrence, and in places called Mille Vaches, Les Escoumains, Cantons Latour and Laval and at Manikuagan. I have here the whole report of the Department of Colonization of the province of Quebec for the year 1932 and it is stated at page 88 that 71 families have been settled in one district and 44 the other.

But, Mr. Chairman, coming back to this movement, as was stated this afternoon by the hon. member for Kamouraska, while the government may claim this policy as its own, nevertheless I think it is not the policy of this government; it is not the Gordon scheme as we might call it, because long before this government ever had a back to the land policy we in the province of Quebec, the government that is to-day administering the affairs of that province, the Taschereau government, had started this movement of colonization.

Mr. SAUVE: Hear, hear.

Mr. CASGRAIN: My hon. friend the Postmaster General says "hear, hear." I know myself that since I have had the honour to represent the district I do represent in this house, on the river Outarde near Outarde falls great districts were settled. Families were brought from other parts of the province of Quebec, where there are good lands, and people were established there through the efforts of the provincial government as far back as 1926 to 1930. Therefore, I think the adoption of this back to the land policy by the government in Ottawa is due to the example and the good work of the government of the province of Quebec.

While on this subject I would like to say a word with respect to the hon. Postmaster General. I want to pay a tribute to him—for once we can agree: I can say that he has done some good, because in one of the districts I have just mentioned there was a new place called St. Isidore le Laboureur, behind St. Siméon, for which a post office and mail service was requested. I asked the Post Office Department to grant this favour to this new settlement, and I have received confirmation of the success of my efforts in obtaining the post office and mail service through the Postmaster General. I think that is a desirable thing he has done in helping these people, giving them the services necessary to make their settlement attractive. I think also, Mr. Chairman, it is a good way to make these people favourable and to minimize the evils for which this government have been responsible since they have been at the head of affairs in this country.

Mr. SAUVE: This is not my birthday!

Mr. CASGRAIN: There is one other point to which I wish to draw the attention of the acting Minister of Immigration and Colonization. The hon. member for Kamouraska this afternoon mentioned that last night the minister said that through the efforts of his department people to the number of 100,000 or more have been attracted and brought in to settle in these different places. With the hon. member for Kamouraska I take exception to that statement as indicating the number of people who have been settled in these various places. I have mentioned a few settlements in the district I have the honour to represent, and I think it would be well for the minister to advise the committee in detail respecting the other districts of Quebec and the other provinces of Canada in which people to the extent of 100,000 have been settled through the efforts of this government. I express the opinion that if a lot of people have been settled on the land it is due not so much to the policy adopted by this administration as to the policy initiated by the government of Quebec, and I dare say that in Ontario and elsewhere they may have had in effect a similar scheme long before the federal government started its activities along that line.

I think also that the remarks made by the hon. member for Bellechasse (Mr. Boulanger) should receive the careful attention of the minister. He said that only heads of families are entitled to the benefit of this plan. The sons of farmers in our province who are qualified to settle on land in these new districts ought to be encouraged just as much as heads of families, because it would mean that people would be encouraged to stay in our province to the benefit not only of the province of Quebec but of the whole of Canada.

There is also the point brought up by the hon. member for Temiscouata (Mr. Pouliot) as to the classification of people who ought to go on the land. I agree with the remarks made by some hon. members this afternoon that it is better to attract to the land or keep on the land those who are accustomed to country life than men taken from the slums of cities where they have been for a good many years, idle maybe, people who for a long time have had no contact with the land and who therefore cannot have the same energy and courage to start anew, especially if they are advanced in age.

Mr. GORDON: We do not take that class of people at all.

Mr. CASGRAIN: I say that the efforts of this government and of the provincial governments should be directed to the settlement of the sons of agricultural families. In the report published this year by the Department of Trade and Commerce at page 184, it is stated that only heads of families can benefit from such measures. I take issue with the department on that point. I think the sons of farmers in the various provinces ought to be encouraged to avail themselves of the benefit of this back to the land scheme rather than people in the cities. And I think they ought to be encouraged as much as heads of families. I know in my own district there are many people who would be willing to take advantage of such a scheme. I think, Mr. Chairman, that this government is not entitled to take the full share of credit for what has been done, because it could not have been done without the assistance of the provincial government, which has indicated where the settlement should take place. And as I have said, the provincial government was away ahead of this administration in adopting the back to the land movement.

Mr. NEILL: Mr. Chairman, I suggest that the present moment is an appropriate one for the minister to give us some information concerning the unemployment insurance proposals. I know he is straining at the leash and yearning to give us out of his wealth of experience and knowledge and ability a statement on the matter. He was present at the conference with the provinces and therefore is in a position to inform us in regard to this very important subject. The public will not be satisfied with any mere evasion of the subject. They had reason to believe that action would be taken on this matter, but the session is going on and I do not know of any other occasion when this question could be brought up. I think that in considering the question of relief it is quite appropriate for the minister to give us the fullest possible information on the prospects of having unemployment insurance put into effect in Canada.

Mr. GORDON: Dealing first with the observations of the hon. member for Charlevoix-Saguenay, let me say at once that there is no intention, and I hope there never will be, of trying to take credit away from the province of Quebec with respect to colonization. If the work carried on by the province of Quebec along these lines in the past needed defence, I defended them in the house against the impeachment of the hon. member for Témiscouata. Anyone who have even casual knowledge of the history of the development of Canada should not be slow to commend the actions of the successive governments of the province of Quebec even before confederation, and in fact almost since the beginning of settlement, along this line.

Mr. BOUCHARD: If the minister would allow me, I think he should make a distinction between colonization and the back to the land movement. I think several hon. members have become confused. There are two systems in Quebec, but colonization before confederation has nothing whatever to do with the back to the land movement.

Mr. GORDON: I was endeavouring to reply to the remarks of the hon. member for Charlevoix-Saguenay, who referred—and I think very properly—to colonization and the back to the land movement. So far as I am concerned I see very little difference between the two, but perhaps my hon. friend may see some refinements that I am unable to distinguish. There is no question of who is to get credit for this or that. If I may use the word, Mr. Chairman, I do not care a continental who gets the credit so long as we either lead the way or supplement the efforts of those leading the way in order that the desired object may be attained, that is, that those who are ready and willing and desirable may take full advantage of this opportunity to make themselves independent and self-sustaining. If any success has attended the efforts of this government, in conjunction with the provinces and the railway companies; if any credit is due anyone with respect to any assistance this government has been able to give, I will hand that credit to anyone. I will give it to the hon. member for Charlevoix-Saguenay. He can take it to himself with my blessing; it will be his very own, so long as we do what we are hoping to do. This business of taking credit one way or the other at a time like this does not give me any great concern.

Mr. POULIOT: Did the minister say I had impeached the province of Quebec? Were those the words he used?

Mr. GORDON: I do not know that I can recall my exact words, but in substance I said the hon. member for Temiscouata had criticized the colonization efforts of the government of the province of Quebec. So far as I know the efforts of that government deserve credit, and my contact with their officials

certainly has been pleasant and profitable. I have found them desirous of accomplishing what has been my objective, and probably they had that end in view long before I came into public life.

Mr. POULIOT: Mr. Chairman, I rise to a question of privilege. I am sorry to interrupt the minister, but he said he had to defend the province of Quebec against the impeachment of the hon. member for Temiscouata. Those were his words; I was looking at pictures but listening to his speech, and my understanding is corroborated by those about me on this side of the house. Is it fair for a minister of the crown to use such language, especially after I repeated my complaints this afternoon? I was not complaining of the government of Quebec; I did not say a word against the government, against the provincial minister or against my hon. friend. Is it fair to give a false interpretation to my words? I ask the minister to withdraw his reference to the impeachment of the province of Quebec by the hon. member for Temiscouata; it would be only fair.

Mr. GORDON: I am quite content to let the words of the hon. member for Temiscouata, as they will be revealed in the pages of Hansard, speak for themselves. If I used words which were not exactly his I can only say that of course my memory is not so good that I can follow him exactly. Certainly I gathered from his remarks to-day and a few days ago that he roundly condemned the administration of the colonization department of the province of Quebec.

Mr. POULIOT: By certain employees.

Mr. GORDON: The government takes responsibility for its officials, of course. The hon. member went so far as to say that the colonists who were sent out by the government had to eat grass and roots and so on, and I believe he even said they lived like swine. I do not come in contact with the provincial colonization men and I have nothing to do with provincial policies in Quebec, but I do know that this department is in touch with our committee, which consists of the representatives of the colonization departments of the railways, of our department and of the Quebec department. From my observations and from what I can gather I cannot conceive that those men would be parties to a colonization effort such as has been described by the hon. member for Temiscouata.

With regard to the situation in my hon. friend's own constituency I can only say that under the assisted plan we have placed only two settlers in that county, and I have been instructed by the head of the colonization department of the Canadian National Railways that from both of these settlers he recently received communications stating that they were getting along well, that they were very happy to be located where they are, and so on. Our locations are almost entirely in the Abitibi and Timiskaming district, and I have lengthy reports concerning the way those settlers are getting on. There is throughout a spirit of satisfaction with the locations upon which they are placed and with the conditions under which they are living, and a feeling of optimism prevails amongst these settlers. There were not housed together in buildings, men, women and children huddled together, as suggested. The hon. member for Témiscouata was not in his place this afternoon when I explained that the heads of families preceded the families. They were taken care of, their locations were picked out in a fertile section of the country adjacent to the mining areas of northwestern Quebec, and their families followed after them. A representative of the Canadian National Railways, because it is the Canadian National that runs through that country, has made many trips visiting these people. Their churches are being built and the general atmosphere is one of optimism.

I will not delay the committee by reading all the communications I have received, or even a number of them, from that locality, but I can assure hon. members that what I say is correct with respect not only to the feeling that exists amongst these settlers but with respect to their confidence in the future. Hon. members who represent city constituencies must bear in mind that it is difficult for them, if they have not been around a great mining area like northwestern Quebec and parts of northern Ontario, to visualize the opportunities that are there for the Canadian people. It is a wonderful thing for the country that we have such places in these parts of Canada. It is quite true that the farmers there are experiencing difficulties, just as the farmers throughout the world are; but they have excellent locations and their homes are largely unencumbered, inasmuch as their locations were crown lands; and while across the Ontario boundary the settlement is older than it is in Quebec, nevertheless wonderful strides are being made in the colonization of that country. I do not say this purely because the hon. member for Témiscouata doubts the soundness of the program that is being contributed to by the federal government; I state it merely as a fact, so that the committee will get a picture of the movement of these settlers

Since I have been a member of this house I have refrained from quoting from newspapers, but if I may be pardoned for doing so on this occasion, I would read what the deputy minister of the colonization, game and fisheries department of Quebec had to say with reference to a visit to that area:

In an interview accorded a Chronicle-Telegraph representative this morning, Deputy Minister L. A. Richard of the Provincial Colonization, Game and Fisheries Department, expressed his amazement at the unbounded enthusiasm which he had personally witnessed amongst the "back to the land colonists," who were only a few weeks ago settled on arable and wooded lots in the Temiskaming district.

Mr. Richard, who accompanied his minister, Hon. Hector Laferté, and a number of railwaymen and prominent citizens, has just returned from a visit to the newly formed settlement, not far from the banks of the "Lonely River," where these hardy sons and daughters of Quebec are going to wrest a home and comfortable living from mother earth who they deserted in their more prosperous days, but who has received them back again in the days of their adversity.

In prefacing his interview, Mr. Richard explained that when these heads of families were picked for the great experiment, it was with the knowledge that they were former farmers, and all of them knew a smattering of carpentry, that is, they knew how to put together a log cabin.

"The visit to these settlers of ours was a revelation to me," said the Deputy Minister. "I had been told they were satisfied, but I was not prepared to see all of them bubbling over with unbounded enthusiasm. They are! Everyone of them! There wasn't a kick anywhere, and I surely thought there might be, as they had been placed on the land so late in the year.

"I talked with many of them and their speech was just the same. Thankfulness that at last after many weary months of wrestling with the wolf at the door, they were their own masters. Living in houses they had built themselves. Their fate in their own hands; their immediate wants provided for by a beneficent government, or rather I should say beneficent federal, provincial and municipal governments. No taxes to pay; no irate landlords demanding their pounds of flesh; soil which will grow almost anything; brooks and streams teeming with all kinds of fish in season, also a pure water supply brought from the surrounding hills; a moose perhaps, and partridge and hares running around waiting to be bagged and put in the larder."

I am sure this part of the interview will be quite interesting to the hon. member for Témiscouata, the hon. member for Charlevoix-Saguenay and, I might almost venture to suggest, the hon. member for Comox-Alberni:

This picture is not exaggerated! These people are happy, and you would have thought so too if you had seen about a thousand of them, men, women and children, as they attended open air mass on Sunday last, and witnessed the first marriage in the settlement which by the way is to be called St. Monica de Rollet, after the wife of Louis Hebert, the first Canadian settler. Incidentally Hon. Mr. Laferté gave the bride away and kissed her heartily.

I have many such communications from these settlers. Now, I do not think they will be one hundred per cent successes; they never have been in the past. We do look forward however to a considerable and substantial permanent settlement, although there will unquestionably be disappointments.

With reference to the question asked by the hon. member for Comox-Alberni, I do not think the measure now before the house affords the proper opportunity to discuss the matter of unemployment insurance, which is a very broad one. Many countries in the world have attempted some sort of unemployment insurance, and many private concerns have endeavoured to fashion a plan of some kind that would take up the slack in times when industry had failed to give that job security which is so essential to the workers in industrial centres. Plans have been instituted in certain countries in Europe, and in the United States industries have set up schemes—such industries as the General Electric Company—in connection with the question. The whole question of unemployment insurance is one of great complexity. The hon. member for Comox-Alberni, I take it, would like to know whether a measure of that kind will be brought before the house this session. I can tell him it will not. No government would be justified in hurriedly embarking on a project the success of which would be founded perhaps in very large measure upon a careful study of the various factors that enter into the consideration of it.

The matter is under consideration by the government, as it is unquestionably under consideration by many public bodies, and it is hoped that some solution will be found in order to give to the workers that security during seasonal unemployment, or unemployment for any other reason, which many people think the workers should enjoy. No government would embark hurriedly on a plan of that sort without having canvassed every possibility of success or failure. We had to take into consideration the necessity of establishing it upon a firm foundation so that it would not meet with disaster during the course of its operation. I think we were adopting a wise course with respect to so important a subject.

Mr. NEILL: Could not the minister tell us what progress was made at the recent interprovincial conference? The Prime Minis-

ter was very definite in his assurance last November. I quoted his remarks yesterday and I think he said that they might be able to introduce a bill at this session. I believe he used the word "guarantee" that steps would be taken at the coming conference to have arrangements made which would make it possible. I should like to know what progress was made or what obstacles were encountered at that conference. It has been stated that this is not an appropriate time to discuss this matter, but I would point out that it has a distinct bearing upon the question we are considering. We are going to vote $20,000,000 for direct relief and perhaps we would not have to spend so much if an unemployment insurance policy were put into effect in the near future. It would be a sort of alternative. No one is suggesting that the government should plunge hurriedly into this matter. The question was brought up on April 29, 1931, nearly two years ago and the Prime Minister then told us very distinctly what he proposed to do. I am not trying to harass the minister in any way but I do not think it is out of place to ask for some definite report upon the progress which has been made. There is no use talking about Europe or the United States; this is Canada and this thing has been hanging fire long enough. The Prime Minister was very definite last November and I think we are now entitled to a definite statement.

Mr. BEAUBIEN: Mr. Chairman, I would not have taken part in the discussion on this resolution had it not been for certain words uttered by the Prime Minister on March 3 which to my mind reflected upon the province of Manitoba. As a member from that province I think I would be negligent in my duty if I did not put the facts before the house. On March 3, the Prime Minister said:

> In the province of Manitoba they had what they called a savings bank in which the people of that province had deposited some $12,000,000 in small savings accounts. When the cheques were being written to withdraw that money what did they have? They had the promises to pay, the I.O.U.'s of the province of Manitoba. The money was gone; in its place had been substituted I.O.U.'s of the province of Manitoba that could not be sold. . . . We guaranteed the $12,000,000 of those deposits to enable the depositors to draw out money with which to live. That was one of the guarantees we made under the statute, and the order in council was laid upon the table of this house.

I do not intend to read the order in council, but I should like to refer to the report of the committee of the legislative assembly of Manitoba which investigated the closing of the savings bank. This report shows that that bank had as guarantees for the deposits the following securities:

Railway bonds and registered stock guaranteed by the Dominion of Canada	$2,398,728 44
Dominion of Canada bonds	69,000 00
City of Winnipeg registered stocks and bonds	495,278 42
Province of Manitoba Exchequer bonds	6,615,000 00
Provincial and municipal stocks, bonds and debentures (most of which guaranteed by the province of Manitoba)	3,051,313 73
Province of Manitoba farm loans bonds guaranteed by the province of Manitoba	1,750,222 63

Mr. GORDON: What is the date of that report?

Mr. BEAUBIEN: The investigation took place during the session of 1932. The savings bank had closed before the legislature met.

Mr. GORDON: I should like to know the date when it is said that these securities were in fact in the hands of the bank unencumbered.

Mr. BEAUBIEN: The last report filed is for the year ended April 30, 1931. The report sets out in detail the investments held by the savings bank at that time, which were those I have just read. The report continues:

> The above amounts represent the book values of these securities. The estimated market value as of April 30, 1931, was $14,764,743.55.
>
> The deputy provincial treasurer in his evidence states that at the end of August there was no material change in the value of these securities since April 30 of that year; in fact their value remained about the same until England went off the gold standard.
>
> There was no material change in the nature of investments at the time the office closed. At that time the investments were as follows:

Dominion government guaranteed securities	$ 2,470,800 87
City of Winnipeg stocks and bonds	495,278 42
Province of Manitoba exchequer bonds and debentures and other municipal stock guaranteed by the province	11,514,528 36
Making a total	$14,480,607 65

> The evidence shows and the committee find that after England went off the gold standard the market for all classes of securities was in a very chaotic condition, in fact for a period following this time there really was no market at all at which bonds could be sold for reasonable prices. Such conditions continued until the office closed.
>
> The committee points out that the act contemplated that the moneys received by way of deposit were to be invested in the manner provided for in the act, and this particularly refers to the securities of the province. Notwithstanding this fact the trustees had, at the

time the office closed, invested in Dominion Government of Canada guaranteed securities amounting to over $2,400,000.

There was filed with the committee the order in council, No. 3185, passed by the Dominion government on December 31, 1931. This order permitted the superintendent of insurance for the purpose of returns to be made by insurance companies and to enable him to determine the solvency of such companies, to accept such returns as sufficient evidence of such solvency when it appears that the common and preferred stocks included therein were valued in prices not exceeding the market prices of such stocks prevailing on June 30, 1931.

By order in council this government allowed the insurance companies and the banks to value their stock as of June 30, 1931, in order to show a better financial statement. There is no question that all securities have gone down to a certain degree but the provincial savings bank was in no worse position than any other bank. If a run had taken place upon any of our chartered banks and if they had been treated the same as the provincial saving bank was treated, they would have had to close. The provincial bank had mostly municipal, provincial and dominion bonds which were more negotiable than the notes of ordinary individuals which were held by the chartered banks as guarantees for deposits.

Mr. GORDON: Has the hon. member the total value of the bonds which were held unencumbered by the bank at the time it went out of business?

Mr. BEAUBIEN: I did not catch that.

Mr. GORDON: I said the bonds and stocks which the savings office held unencumbered in its vaults as security against the deposits when the bank closed.

Mr. BEAUBIEN: According to this report the security was exactly the same then as it was before, namely:

Dominion government guaranteed securities	$ 2,470,800 87
City of Winnipeg stocks and bonds	495,278 42
Province of Manitoba exchequer bonds and debentures and other municipal stock guaranteed by the province	11,514,528 36
Total	$14,480,607 65

What are the conclusions of the committee which investigated the closing of the savings office? They are as follows:

In conclusion the committee finds:

1. That the savings office was in a sound position as of the 31st day of August, 1931, immediately preceding the precipitous decline in the world market for securities.

2. That the deposits of the savings office were invested in strict accordance with the statutes authorizing the office; that the percentage of provincial securities held by the office was in accordance with the purpose for which the savings office was established; and that the percentage of such deposits held in cash and invested in dominion government securities was such as to ensure the office being able to meet every emergency that could be foreseen.

3. Then following the precipitous decline in the securities market, the government secured a credit of $1,000,000 to meet any possible emergency arising from this circumstance, and this provision proved quite adequate for such purpose.

4. That the business of the savings office was normal up until about January 11, 1932, when the unusual withdrawals of deposits commenced as a result of rumours.

5. That the rumours which started the run which resulted in the closing of the savings office apparently were in part the result of a deliberate and organized campaign.

6. That any rumours relating directly to the provincial savings office, which were traced to individual citizens, were circulated by the following:—

The names are given but I shall not read them:

7. Your committee is of the opinion that had the Dominion government given the necessary guarantee as requested, the savings could and would have been saved to the province of Manitoba. If such request had been granted it would not have been necessary for the Dominion government to assume any greater responsibility than it assumed when it finally guaranteed the banks.

8. Your committee find that the action of the Dominion government in refusing the request of the province for such guarantees cannot be justified in view of the guarantee given later by it to the banks, and in view of assistance given to other provinces.

9. The committee finds that the suggestion made that Premier Bracken went east in company with any other person or persons for the purpose of selling the savings office, or that he or any person or persons associated with him at any time offered to sell the savings office, is without foundation.

I think, Mr. Chairman, that these facts should be put before the house. The Prime Minister referred to the I.O.U.'s of the province of Manitoba. We know that the province of Manitoba is going through some difficulties, and we know that this government also is going through some difficulties, but at the same time I do not think it gets us anywhere to throw reflections on the securities of the province of Manitoba. The province is doing the best it can in trying to meet the situation. I know that it is probably not as sound as it was a year ago or two years ago. I do not know anybody's securities that are as sound to-day as they were one year or two years ago. The government admits that itself when it allowed the banks and insurance companies to value their stocks as of a day six or twelve months previous to make a better showing at the end of their financial year. I think I have put the facts before the house, Mr. Chairman, in a true light.

Mr. BENNETT: Mr. Chairman, this afternoon the Minister of Finance made the following statement:

By order in council of April 28, 1932, P.C. 972, effect was given to an undertaking by which, in the month of February of that year, the dominion guaranteed the chartered banks doing business in Winnipeg from loss in respect of the assumption by these banks of all liabilities of the Province of Manitoba Savings Office. The banks received from the province of Manitoba as security for the assumption of such liabilities, $12,442,400 one-year 5½ per cent treasury bills, maturing February 27, 1933, and on the maturity of these bills the banks were willing to accept a renewal, less the sum of $334,098 paid on principal account, provided the guarantee was continued. This the governor in council authorized under minute of February 22, 1933, P.C. 318.

That is the transaction so far as the Dominion government is concerned.

Mr. BEAUBIEN: It proves that the province of Manitoba was pretty fair. They paid something on it anyway.

Mr. BENNETT: I do not think that that observation calls for any reply. That $2,470,000 of dominion securities to which reference has been made was hypothecated to the banks, to enable the province to secure cash with which to meet the demands of depositors. When that was exhausted and there came a day in February, 1932, when there was no longer anything left in the way of cash to meet the demands of the people who had put their money in the bank, then the bank either had to close its doors or get cash from some other source. It secured it from the chartered banks of Winnipeg, making its own bargain with the banks in that city, the bargain being a bargain made between the chartered banks and the province of Manitoba. The banks, as I explained in the statement I read to this house last year, stated that they were not prepared to become responsible for deposits aggregating $12,000,000 on the I.O.U.'s of Manitoba, and requested a guarantee which we gave to prevent the depositors from failure to get their moneys.

So far as the report is concerned, we all know about it. It was a report made before the last provincial election. It is partisan, it is incorrect, and what is more, it was made for a particular purpose. No good end will be served by discussing it here now, for this is not the tribunal that directed the investigation or held it. It was held by the province under the direction of its ministry. A report was brought in to the house just prior to the election. The report reflected upon a number of men who, it said, had started rumours with respect to the solvency of the savings office, and the names were given, one of them a member of the legislature. The result was, of course, an acrimonious discussion on the part of everybody connected with the transaction. It served its purpose, but it did not improve the condition of the province of Manitoba.

It is incorrect, for instance, to say that the province of Manitoba has not received consideration at the hands of this government as other provinces have. It has received more consideration relatively to its population, so the Minister of Finance told me the other day, than any other western province. That is the position as the Minister of Finance explained it to me the other day when I was going over the figures, and I believe them to be correct.

The letter to which I referred the other day which was sent to the province of Manitoba was sent to all the western provinces, and one province, Manitoba, has sent a reply in which in large measure they indicate the correctness of the views which were held by this government. To preserve the financial integrity of the province of Manitoba it will be necessary for the Dominion government to make very large payments, many millions of dollars, and no useful purpose can be served by discussing in this house a report made by a committee appointed by a provincial legislature, and which in the view of at least half the people of the province is unsound, incorrect and unwarranted in fact.

Mr. BEAUBIEN: May I say to the Prime Minister that no useful purpose can be served by the statement which he made in this house on March 3. When did we ever describe provincial exchequer bonds as I.O.U.'s? I have given I.O.U.'s, but they were always written on pieces of paper. In my view such a reference was a reflection upon the securities of the province of Manitoba. May I ask the Prime Minister this question: Suppose there had been a run on one of the large chartered banks, and the other banks did not come to its assistance, would there not be the same result as ensued in the case of the provincial savings bank?

Mr. BENNETT: I do not think any good purpose is served by answering suppositious questions. But since the question has been asked perhaps the committee would like an answer. There was a run on one of the chartered banks in Canada. It was a run predicated entirely upon the failure of one of the great brokerage firms of this country. It was thought by many people that the bank

might be a failure; $10,000,000 in deposits were withdrawn. No assistance was given by other banks, and there was no question of the government being asked for assistance.

Mr. POWER: This might be the proper time to read from an order in council P.C. 2693 dated October 27, 1931, about the time of the failure of the stock brokerage firm to which the Prime Minister has referred. I imagine this order in council applies to the situation in Manitoba. It is as follows:

His Excellency,

The Governor General in Council:

Whereas the acting Minister of Finance reports that, owing to the existing general depression, but more particularly the recent international monetary developments, quotations have been recorded in the security markets for many high grade government securities which would not seem to be normal or reasonable quotations, or such as might serve as a proper indication of the intrinsic value thereof, having regard to the fact that the security behind these obligations has undergone no fundamental change.

And whereas the chartered banks are required—

Not the savings banks.

—under the provisions of the Bank Act, to show investment securities in their monthly and annual financial statements at not in excess of market values;

And whereas representations have been made by the inspector general of banks that it is in the public interest that a reasonably stable basis of valuation be determined for such high grade security;

And whereas section 4 of chapter 58 of the statutes of 1931 provides that His Excellency the Governor General in Council shall have full power to make all such orders and regulations as may be deemed necessary or desirable for, among other things, maintaining peace, order and good government throughout Canada;

Therefore His Excellency the Governor General in Council is pleased—on the recommendations of the acting Minister of Finance and under the authority of section 4 of chapter 58 of the statutes of 1931 aforesaid, and of all other powers and authorities in that behalf—to order and it is hereby ordered as follows:

1. That for the purpose of the return provided under section 112 of the Bank Act and schedule "G" thereto, and the annual report as directed by section 53 of the same act, the chartered banks of Canada shall, until this order is amended or rescinded, value the securities owned prior to the thirty-first day of August, 1931, at not more than the book value, or the current market prices thereof on the exchanges at the close of business on the thirty-first day of August, 1931, whichever may be the less, and the securities acquired since the thirty-first day of August, 1931, at not more than the cost price thereof.

2. This order shall come into force and effect on the twenty-sixth day of October, 1931, shall apply to the returns of the chartered banks as from September 30, 1931, and shall continue in full force and effect until the first day of March, 1932, unless sooner amended or rescinded by competent authority.

[Mr. Bennett.]

I was informed some time in May last year that this order in council had not been renewed, and I take it it has not been. But for the purpose of the point which has been brought up I should like to call the attention of the committee to the fact that in the preamble to the order in council it is recited that "the market for high grade government securities has fallen, although the security behind these obligations has undergone no fundamental change." In other words the preamble deals entirely with high grade government securities. But the executory portion of the order in council deals with all securities. I imagine that under this order in council the banks, in their reports, were entitled to value Brazilian, Nickel, Canadian Pacific and all other common stocks as of their value on August 31, 1931, although as a matter of fact, when this order in council was passed, these stocks had fallen considerably. To-day they are considerably lower in value on the security markets of the world than they were at that time. It seems to me that to a considerable extent this was giving government assistance to the banks. It was at least supporting their credit to a considerable extent and permitting them to make reports of their securities at other than their real value on the ordinary security market.

Listening to the remarks of the hon. member for Provencher (Mr. Beaubien) I noticed that the report of the committee of the legislature of Manitoba called attention to the fact that the government had permitted a revaluation of securities held by insurance companies. Apparently they were not aware that the banks had been permitted to revalue their securities. I suggest that if the savings bank of Manitoba had been permitted the same valuation of its securities as the chartered banks of Canada were, there might have been a chance of saving it. I also draw attention of the committee to another paragraph of that report in which it is stated that if the government had come directly to the support of the savings bank it would have assumed no greater obligation than it did by supporting the chartered banks. I am not aware of all the details of the transaction, but it would appear to me that the people of Manitoba have a fairly legitimate ground for complaint when they say they were not treated as well as were the chartered banks of Canada.

Mr. BENNETT: I suppose, Mr. Chairman, it is within the knowledge of this committee that the savings office of Manitoba was not a bank. The observations to which we have just listened would leave the conclusion in the

minds of the committee that it was a savings bank. The province of Manitoba has no authority to conduct a bank. It has a savings office, as has the province of Ontario. And there are grave doubts in the minds of many as to whether or not the provinces have power at all to conduct the form of office they were conducting, which consisted in receiving from the people deposits withdrawable by cheque. It has been contended, and is still contended by eminent legal authorities, that neither province has a legal right to engage in that business. The word "bank" is not used for that very reason; "savings office," and not "savings bank," is the term used. If they were banks they would come within the provisions of the Bank Act; they have sought no authority from this parliament to open savings banks. There would be no reason why the province of Ontario or the province of Manitoba, if they so desired, should not obtain from this parliament the right to conduct a bank, and if they did they would be subject to the requirements of the Bank Act with respect to paid-up capital, the obtaining of a proper and appropriate directorate, and the conduct of business under inspection.

The moneys that were deposited in the savings offices at Winnipeg and other points in Manitoba aggregated the sum of $12,000,000 or more. In the month of January the depositors began to withdraw their money. As the province had no money with which to meet these demands—and nothing more clearly indicates what the science of banking really requires than this very transaction—they were called upon to secure the money from some source. They borrowed it from a chartered bank and gave as security for the loan thus obtained the bonds of the Dominion of Canada in which they had invested a portion of the depositors' money. As I understand the science of banking—my knowledge is limited—it consists in the maintenance of an equilibrium between time deposits and time loans on the one hand and demand deposits and demand loans on the other. If a bank ties up in time loans money required to meet its demand deposits it becomes insolvent. If it ties up its assets in time loans to an extent that makes it impossible for it to meet the cheques of its depositors, you have exactly the situation they had in the United States of America the week before last. In that country four thousand banks failed during the last few months. Why? Because they had taken deposits from people and invested the money in real estate, mortgages, and other assets which could not be sold, and there was therefore no money with which the demands of the depositors could be met; being unable to pay they closed their doors and went into liquidation.

The province of Manitoba in the month of January had no money in its till—that is admitted. But it was able to borrow a certain sum of money from the Canadian Bank of Commerce by pledging its Dominon of Canada bonds, under an option agreement whereby the bank was entitled for a given time to buy them at a figure if the bank so desired. That was the source of cash for the province of Manitoba to put into its till to meet the demands of its depositors. When the run on the savings office began—and the committee of the legislative assembly reported that suspicion and rumour were largely responsible for it; I am not going to discuss that—they had to get money somewhere. Being unable to get further money from the banks they had nothing but their own I.O.U.'s. Objection is taken to the use of that term by me, but it is exactly what the security was—I.O.U.'s which could not be sold for the purpose of providing cash to meet the cheque demands of the depositors. Then it was that the chartered banks and the province made the arrangement to which I refer. That arrangement not being to the satisfaction of the banks, they said: "We will not do this with the security you offer us, because someone has to provide as much as $12,000,000, possibly the whole of it within the next thirty days"—because although the province claim they were entitled to notice of withdrawals, I think the maximum was thirty days and perhaps in some cases the term was as low as ten days. So that $12,000,000 was the possible amount that the banks might have to supply, and the banks divided this among themselves rateably on the basis of their business in the city of Winnipeg, each assuming its proportion of responsibility to meet the demands of the depositors. They said: "We will do this only on one condition, namely that the Dominion government give its guarantee." The banks had $12,000,000 and more of province of Manitoba securities, bonds and treasury bills, and with the guarantee of the dominion, they assumed the responsibility of meeting on demand the cheques of any depositors in the savings offices of Manitoba. I will not further traverse that matter.

The hon. member for Quebec South (Mr. Power) has referred to the order in council of October 27, 1931. That had no reference, of

course, to this transaction. The chartered banks have to make a monthly return to the government. On September 21, or thereabouts, the Bank of England declined to make further gold payments, and England went off the gold standard. The result was an immediate fall in prices of securities on this side of the Atlantic. Our banks hold investments under the provisions of the Bank Act, and they consist not only of such securities as Brazilian, Canadian Pacific and other corporation bonds and stocks, which are a very small proportion of their holdings, as the monthly returns show, but principally of bonds of the dominion and the provinces, which are regarded as liquid assets upon which the banks may realize at almost a moment's notice and thus be in a position to meet the demands of their depositors. When the monthly return had to be made up we availed ourselves of the provisions of the statute which authorized us to pass orders in council for the peace, order and good government of Canada, because it was apparent that the securities had not changed in real value, but that the market value was something impossible to ascertain. In other words there was practically no market value at that moment of crisis. Under the circumstances what was done was not, as has been suggested, to fix a value beyond the real value, but to fix a date as of which the value should be determined, not arbitrarily by the banks, but as the market value appeared on the 31st day of August, the last day prior to the month in which the crisis came. That is all. And that is what was done in connection with insurance companies, for instance, by all the states of the American union, except one that came in later, forty-seven having arrived at a certain basis first and then the forty-eighth followed. It became necessary to do it also in connection with the banks of the United States, and if the members of this committee have followed the trend of recent events in that country they have seen that just what was done by us has been done now by the government of the United States. There has been no attempt to give assistance to the banks more than to other organizations that have a public responsibility. What was done was to enact this clause, that for the purpose of the return required under the Bank Act the chartered banks shall until this order is amended or rescinded, value the securities owned prior to the 31st of August, 1931, at not more than the book value or the current market prices thereof on the exchanges at the close of business on the 31st of August, 1931, whichever may be the less; and the securities acquired since the 31st of August at no more than the cost price thereof. So that with respect to all the securities held by the banks in regard to which they had to make returns in September, 1931, it was provided merely that the market value thereof on the last day of the month preceding that in which the crisis came should be the price or value for the purpose of the return. If that price were more than the cost or the book value of the securities, then the book value had to be used. That is, if there was any difference between the book value and the market price on the 31st of August, the lesser figure was the price on which the valuation should be fixed.

Mr. LAPOINTE: This has not been renewed?

Mr. BENNETT: No.

Mr. LAPOINTE: It is no longer in force?

Mr. BENNETT: No. With respect to the other matter, that is the securities acquired by the banks after the 31st of August, 1931—and I think it is only fair to say that the banks were not very much interested in acquiring securities after that; they were interested in providing cash with which to meet any possible demands that might be made by their depositors—it is a matter of satisfaction to say that even though we are but ten millions of people and our riches are relatively not great, there never has been a moment when any cheque presented by a depositor, whether for a small or large amount, has not been honoured by our chartered banks.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: I am assuming always, of course, that the drawer of the cheque was in funds at the bank himself. I was not contemplating the possibility of not sufficient funds being the answer, but apparently that has happened to us all, so hon. gentlemen were in good company with their province with respect to similar conditions and circumstances. I was pointing out, Mr. Chairman, that this is a great distinction when we consider some other countries. One does not want to be boastful of the institutions of one's own country, but up to the moment they have weathered the storm very successfully by reason of what I have just said, namely a proper appreciation of the fact that you cannot invest the money of the depositors in unrealizable assets beyond a certain margin and remain solvent. That is all there is to it. This order in council provided for

a temporary necessity that arose by reason of a complete demoralization of the world's markets, but there was no change in the real value of the securities that were held, they being, as I have said, the class of securities that banks purchase in order to take care of conditions which, in the wisdom of those who manage them, may at any time arise. It is common knowledge that difficulties have arisen in some of the great countries of the world. Corporations have drawn their cheques to meet their pay-rolls and limitations have been placed upon the amount that might be drawn; so much has been set as the maximum for each workman, and so much as the maximum for each executive. Even great insurance companies have had to apply limitations and restrictions as to the payment of cash surrender values and the making of loans on policies. This action was taken to prevent any possible disruption or disorganization of our banking system and to maintain the confidence of the depositors so that, with few exceptions, there were no large withdrawals from the banks, and the integrity of our institutions has been maintained.

Mr. POWER: I would not venture to embark on a discussion of banking with the right hon. Prime Minister, but now that we are on this matter perhaps it might be just as well to clear it up. I gathered from the remarks of the Prime Minister that this order in council did not apply to securities such as those I mentioned, Brazilian and Canadian Pacific, but referred only to high grade securities.

Mr. BENNETT: No, I did not say that.

Mr. POWER: I have some recollection of having read a bank statement, or bank statements, in which I saw a column containing a list of railway and other securities held. I would assume that some of the chartered banks of Canada must have stocked up pretty heavily with Canadian Pacific, let us say, which was one of the best known securities, and which was considered almost as solid as the Dominion of Canada. If that were the case, Canadian Pacific stock, which was one of the securities they were permitted to value as of its market value on August 31 or its book value, most assuredly would be valued in the October statement at more than its real value in the markets of the world on that date. I hope if I am making any mis-statements I will be corrected, because I do not want to exaggerate the situation in any way or to say anything that is not correct. I would assume that when Canadian Pacific fell to 12, let us say, as it did some time early in 1932, in the report made by the banks to the government it could have been valued at let us say 25. That was one of the points I was endeavouring to make. Whether or not the banks took advantage of this order in council I am unable to say, but it permitted them to make their reports for the months of September, October, November and December of 1931, and their annual report for that year, as well as their reports for the following months until March, 1932, showing the value of their securities on the basis set out in this order in council. The right hon. gentleman stated that a large proportion of the assets of Canadian chartered banks consisted of provincial and federal government bonds.

Mr. BENNETT: Not a large proportion. But I should not interrupt the hon. gentleman.

Mr. POWER: Then I will say that a considerable proportion, if my right hon. friend will agree to that, was invested in provincial and federal government securities because, we are told, these were liquid. I do not know that we ever had a better example of when they were not liquid than in the case we have been discussing. I suppose the same observation could be made with justice in respect to the banks in the United States which unfortunately have had to close. A large number of banks, under the state banking laws, were permitted to value their securities at other than the market value, but apparently that was not sufficient to save them from the liquidation which resulted, which forced a large number of banks in that country to close their doors.

I very much regret that I used the word "bank" with reference to the Manitoba savings office. I quite understand that there is some discussion as to whether or not provinces have the right to call these institutions banks, but I am not particularly concerned with that. This was an institution which held the savings of the people and, as such, it was entitled to whatever protection could be afforded. Whether or not it could be properly called a bank or an office is not material to the discussion; the fact that it was an office and not a bank should not be made an excuse for not extending to it all the assistance this government could give.

Mr. BENNETT: I will not trespass upon the time of the committee beyond saying that the form of return provided by the Bank Act,

which is chapter 12 of the revised statutes of Canada, calls for the bank to make a return of its assets and liabilities. Under the heading of liabilities it must describe:

Liabilities

1. Notes in circulation.. .. ..$
2. Balance due to Dominion government after deducting advances for credits, pay-lists, etc.. .. .. ..
3. Advances under the Finance Act.
4. Balances due to provincial governments.. .. ..
5. Deposits by the public, payable on demand in Canada.. .. .. ..
6. Deposits by the public, payable after notice or on a fixed day, in Canada.. .. ..
7. Deposits elsewhere than in Canada.. .. ..
8. Loans from other banks in Canada, secured, including bills rediscounted.. .. ..
9. Deposits made by and balances due to other banks in Canada..
10. Due to banks and banking correspondents in the United Kingdom
11. Due to banks and banking correspondents elsewhere than in Canada and the United Kingdom
12. Bills payable.. .. ..
13. Letters of credit outstanding..
14. Liabilities not included under foregoing heads.. .. ..
15. Dividends declared and unpaid..
16. Rest or reserve fund.. .. .. ..
17. Capital paid up.. .. ..

Under these seventeen heads the liabilities of the banks have to be stated. Now we come to the question of assets, which are listed under twenty-eight headings:

1. Current gold and subsidiary coin.
2. Dominion notes.
3. Notes of other banks.
4. United States and other foreign currencies.
5. Cheques on other banks.
6. Loans to other banks in Canada, secured, including bills rediscounted.
7. Deposits made with and balances due from other banks in Canada.
8. Due from banks and banking correspondents in the United Kingdom.
9. Due from banks and banking correspondents elsewhere than in Canada and the United Kingdom.
10. Dominion government and provincial government securities.
11. Canadian municipal securities, and British foreign and colonial public securities other than Canadian.
12. Railway and other bonds, debentures and stocks.
13. Call and short (not exceeding thirty days) loans in Canada on stocks, debentures, bonds and other securities of a sufficient marketable value to cover.
14. Call and short (not exceeding thirty days) loans elsewhere than in Canada on stocks, debentures, bonds and other securities of a sufficient marketable value to cover.
15. Other current loans and discounts in Canada.
16. Other current loans and discounts elsewhere than in Canada after making full provision for bad and doubtful debts.
17. Loans to the government of Canada.
18. Loans to provincial governments.
19. Loans to cities, towns, municipalities and school districts.
20. Non-current loans, estimated loss provided for.
21. Real estate other than bank premises.
22. Mortgages on real estate sold by the bank.
23. Bank premises, at not more than cost, less amounts (if any) written off.
24. Liabilities of customers under letters of credit as per contra.
25. Deposit with the Minister of Finance for the security of note circulation.
26. Deposit in the central gold reserve.
27. Shares of and loans to controlled companies.
28. Other assets not included under the foregoing heads.

With my limited knowledge of the situation, I cannot recall at the moment any substantial holdings of Canadian Pacific or other stocks by any banks in Canada. So far as my knowledge goes, that is not the form of investment that the banks make, for reasons that are obvious.

I speak now subject entirely to correction, for I have not taken the trouble to charge my memory with the matter; but so far as I know at the moment, if I were a witness in a cause, called upon to depose as to what my knowledge might be of any bank holding any shares of the two companies which the hon. gentleman has mentioned, I could not say I know of any bank holding any of them at any time during this troublesome period, because it was not with that class of security that we were dealing. We were dealing with a situation that had arisen by reason of the complete demoralization of the credits and prices on the markets of the world—that is, not only on our side of the world but in the old countries as well—as a result of Great Britain going off the gold standard, and consequently shaking the entire credit structure of the world.

I quite agree that the effect of this order in council was, as I have said, to permit the banks to fix, as of the 31st day of August, the then existing value as reflected in the exchanges of the country as the market price of their securities for the purpose of filling in under the proper heading the list of their assets—because their liabilities were not matters that we dealt with.

Mr. MALCOLM: Had the order in council anything to do with the valuation of securities held as collateral by the bank, as security against loans to customers?

Mr. BENNETT: I think not, because that was not the phase of it with which we felt we had authority to deal. That was purely a banking transaction, between the bank and its customers, and to interfere with the bank's transaction of business would involve on the part of the country the examination of the various accounts of individuals, which we declined under any circumstances to do or to accept the responsibility for. And it was because of difficulties that arose by reason of the very circumstances to which the former Minister of Trade and Commerce has alluded that I for one did not feel, and I do not yet think, that it was desirable for the dominion to become responsible in the way of taking over the savings offices in Manitoba. To take them over and to become responsible for cash and to deal with customers was not the business of the country. What we did was to use the collective credit of the people of Canada to make certain that over 40,000 depositors in the province of Manitoba, having aggregate savings of $12,000,000, should not lose those savings or should not be delayed in receiving their money by reason of the fact that the money they had paid in had been invested in something that could not be realized upon. That is the short way of putting it. In other words, you could not realize on a mortgage on real estate for the purpose of meeting a cheque; and when you substituted, for the money you took, a mortgage and then exchanged the mortgage for a treasury bill with the promise to pay, and could not sell that, you were no better off, because your treasury was empty of cash in either event; and because it was empty of cash, the situation developed as I have indicated.

I think, without trespassing further on the time of the committee, that what we endeavoured to do we succeeded in doing, namely, preventing shall I say suspicion and distrust undermining the confidence of the Canadian people in their financial institutions, so that they might be tempted to withdraw their money and hoard it, as has been done in other countries of the world during the great depression through which we are passing. It is a matter of satisfaction and for that reason I felt especially pleased with what was said yesterday by the leader of the opposition regarding the condition of this country as compared with other countries, because, whatever else may be said, we had met the demands that were made by the depositors in our financial institutions for their money in accordance with the terms of their contract of deposit, without any hesitancy or any request for delay or for limitation of the amount they might receive in accordance with the balance outstanding to their credit.

Mr. HEENAN: I think the minister might give more information with respect to the question raised by the hon. member for Comox-Alberni as to what transpired at the dominion-provincial conference in regard to unemployment insurance. It is a very important question, especially when we are discussing unemployment relief measures, and it is one that has been the subject of debate in this house for several years. I can recall its being submitted to the industrial relationships committee on two occasions, after which the provinces were canvassed to see what view they took of the matter. I think the files of the department will show that at least four of the provinces agreed to participate in a conference looking to the establishment of an unemployment insurance scheme in Canada. Certainly the Prime Minister of Canada gave the workers of the country hope, on April 29, 1931, that there would be introduced in this house an unemployment insurance scheme. His words are to be found at page 1103 of Hansard of April 29, 1931. After stating what was first to be considered with regard to the number of those who would come under the scheme, and so forth, he said:

> I propose, if we are spared as a government and as individuals, that the information we will have before our term of office is ended shall be crystallized into the form of legislative proposals to be submitted to this house.

I recall the large headlines that were carried in the newspapers of the country, to the effect that the government intended to introduce an unemployment insurance scheme in the House of Commons, and I also recall many of the labour men expressing the hope that it would come into existence at an early date. I realize of course that it was necessary to discuss the matter with the provinces, and that conference was called and met here not very long ago. I know that unemployment insurance was on the agenda and I think the committee has a right to know what took place at that conference. We have a right to know whether any serious attempt was made to get the provinces and the dominion together for the purpose of formulating an insurance scheme and—

The CHAIRMAN: I think the hon. member is wandering far away from the resolution.

Some hon. MEMBERS: No.

The CHAIRMAN: We cannot discuss insurance and what took place at a conference.

Mr. MACKENZIE (Vancouver): We can discuss any possible remedy for unemployment.

The CHAIRMAN: This is a resolution to cover a vote of $20,000,000 for unemployment relief, and in my humble opinion the hon. member is wandering far afield.

Mr. LAPOINTE: Peace, order and good government.

Mr. MACKENZIE KING: A blank cheque.

Mr. MACKENZIE (Vancouver): Surely unemployment insurance should be considered as unemployment relief.

Mr. HEENAN: There seems to be a lot of talk about banking, insurance, land settlement and everything else, but when we discuss unemployment insurance, old age pensions or anything of a social character we are immediately called to order.

The CHAIRMAN: That is probably the hon. gentleman's own fault.

Mr. HEENAN: I would say it was rather the fault of those in the chair.

The CHAIRMAN: The hon. member is now entirely out of order.

Mr. HEENAN: As far as I am concerned, if I am ruled out of order I am prepared to appeal against the ruling of the chair. I think the government and the Minister of Labour particularly owe it to this committee, and especially to those who have been directly interested in the establishment of an unemployment insurance scheme, to tell what took place at the dominion-provincial conference. We should know whether or not a serious attempt was made to establish an unemployment insurance scheme. If there were no obstacles in the way of this scheme, why have we not an unemployment insurance bill before us at the present time?

The CHAIRMAN: The resolution reads:

Resolved, that it is expedient to introduce a measure to continue in force the provisions of the Relief Act, 1932, until the 31st of March, 1934.

This discussion does not relate to the resolution.

Mr. MACKENZIE KING: The Relief Act takes in everything.

The CHAIRMAN: It does not take in insurance.

[The Chairman.]

Mr. MACKENZIE KING: The Relief Act gives to the government a blank cheque and the power to do anything it pleases to relieve unemployment.

The CHAIRMAN: Surely the right hon. leader of the opposition will not say that insurance is relief.

Mr. MACKENZIE KING: It would mean the paying out of less money for relief purposes, and therefore it comes within the four corners of this resolution.

The CHAIRMAN: What the right hon. gentleman has just said justifies me in my ruling.

Mr. MACKENZIE KING: This afternoon we were told of innumerable purposes to which this money might be devoted. It is a blank cheque; the governor in council has unlimited authority to enact any measure to help to relieve any future situation. As a matter of fact the government, if it so desired, could establish an unemployment insurance scheme under this very legislation.

The CHAIRMAN: It is not covered by the Relief Act.

Mr. LAPOINTE: Peace, order and good government.

Mr. MACKENZIE (Vancouver): There is an amendment and an amendment to the amendment.

Mr. HEENAN: The dominion-provincial conference was called for the purpose of considering unemployment relief measures and unemployment insurance was to be discussed at that conference. We are entitled to know what decision was come to with respect to unemployment relief. The Prime Minister aroused the hopes of the workers on April 29 when he said that this matter would be crystallized into legislation before the end of the life of this government.

While the minister is thinking about giving us an answer I should like to deal with the back to the land movement. This is not the first effort that has been made to get people back to the land, even in Ontario. I hope the minister has better luck with his scheme than Hon. Howard Ferguson had with the one he attempted when he was Minister of Lands and Forests of Ontario. A colony was established in 1917 east of the Kapuskasing river and a sincere effort was made to place people back on the land. The Ontario government gave a great deal of consideration to

this matter but the scheme which was started in 1917 had to be abandoned in 1920. Mr. Ferguson was very careful in selecting a site on the Kapuskasing river and the soil on the site selected was considered to be of the best quality. The beauty of the landscape was even taken into consideration, and the Dominion government finally leased some land on the other side of the river.

Progress reported.

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

Wednesday, March 22, 1933

The house met at three o'clock.

DOMINION NOTES ACT AMENDMENT

Hon. E. N. RHODES (Minister of Finance) moved for leave to introduce Bill No. 54, to amend the Dominion Notes Act.

Mr. MACKENZIE KING: Explain.

Mr. RHODES: Mr. Speaker, this bill provides for an amendment to subsection 3 of section 4 of chapter 41 of the revised statutes, the Dominion Notes Act, and provides that the provisions of that subsection can be suspended from time to time by order in council. It may be termed, in a sense, a companion bill, and one which necessarily follows the Gold Export Act which we passed last year.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

RADIO BROADCASTING COMMISSION—MR. E. C. BUCHANAN

Mr. GRAY:

1. Has Mr. E. C. Buchanan, formerly president of the press gallery, been named director of external relations, at the service of the Canadian Radio Broadcasting Commission?
2. If so, when was he appointed?
3. Who recommended him for such a position?
4. What salary is he receiving?

Mr. DURANLEAU:

The following information has been furnished by the Canadian Radio Broadcasting Commission:—

1. Mr. E. C. Buchanan has been appointed under section 40 of the Civil Service Act as director of public relations for the Canadian Radio Broadcasting Commission.
2. March 3, 1933.
3. The Canadian Radio Broadcasting Commission.
4. $5,800 less 10 per cent.

LOANS TO NEWFOUNDLAND

Mr. POULIOT:

1. Has the federal government guaranteed one or more maturities of Newfoundland since 1930?
2. If so (a) on what date; (b) what amount was involved in each such guarantee; (c) under what authority has the federal government guaranteed the maturities of Newfoundland?
3. Has the federal government paid any sums of money to the dominion of Newfoundland or for such dominion since the month of August, 1930?
4. If so (a) on what date; and (b) what sum was involved in each such payment; (c) under what authority were such payments made?

Mr. RHODES:

1 and 2. As stated in the house earlier in the session, certain banks made a loan to Newfoundland in connection with interest due January 1, 1933, and the dominion guaranteed repayment of $625,000 under authority of chap. 36, 22-23, Geo. V.

3. No.

4. Answered by No. 3.

*CANADIAN NATIONAL EXPRESS—TRANSPORTATION RATES

Mr. POULIOT:

What are the transportation rates of the Canadian National express between Montreal and Riviere du Loup, and Quebec and Riviere du Loup?

Mr. MANION: These rates can be obtained at any express office of the railway company.

RURAL MAIL BOXES

Mr. POULIOT:

1. What is the cost (a) of the primary product; (b) of the manufacture of rural mail boxes sold by Amedee Lesieur to the Post Office Department?
2. What is the dimension of each such box?
3. Of what metal are they made?
4. What is the weight of each box?

Mr. SAUVE:

1. (a) No information; (b) no information.
2. Length, 23¼ inches; circumference, 31¾ inches.
3. Galvanized iron.
4. 11 pounds.

AMEDEE LESIEUR

Mr. POULIOT:

1. What is the complete postal address of Amedee Lesieur whose name is mentioned at page 3041 of the unrevised edition of the House of Commons debates?
2. Since what date has he been a manufacturers' agent?
3. What was his previous occupation?
4. How many contracts were granted to him since the month of August, 1930?
5. What are these contracts?
6. By whom and to whom was he recommended on each occasion?
7. Of what manufacturers is he the agent?

Mr. SAUVE:

1. 408 East St. Joseph Blvd., Montreal, P.Q.
2. Not recorded in files of Post Office Department.
3. Generally known as merchant and agent, but not recorded in Post Office Department.
4. Two.
5. 10,000 rural mail boxes, P.C. 2799, December 12, 1931. 50 combination letter boxes, July 2, 1931.
6. Patented equipment submitted, found satisfactory and ordered according to the needs of the department.
7. No record in Post Office Department.

Mr. POULIOT:

1. Did the Post Office Department purchase 10,000 rural mail boxes from Amedee Lesieur of Montreal?
2. If so, on what date?
3. Did the Post Office Department call for tenders before purchasing the said boxes?
4. If so (a) on what date; (b) what were the names and address of each tenderer; (c) the price of each tender?
5. If not, why?
6. Before such purchase was made, did the Post Office Department receive requisitions from the persons in charge of the rural mail boxes for the purchase of a further supply?

Mr. SAUVE:

1. Yes.
2. December 23, 1931.
3. No.
4. Answered by No. 3.
5. Patented box submitted was found satisfactory.
6. Stock of boxes on hand so low that additional purchase necessary.

RADIO LICENCES

Mr. WHITE (London):

1. How many radio receiving set owners paid the licence fee for 1932 in each of the following cities: Ottawa, Toronto, Hamilton, London and Windsor?
2. Are firms selling receiving sets required to report separate sales to the department when such sales are made?
3. If so, how many sales were reported in the above cities in the year 1932?

[Mr. Sauvé.]

Mr. DURANLEAU:

1. For fiscal year 1932-33, eleven months ending February 28, 1933:

Ottawa and suburbs.	19,083
Toronto and suburbs..	105,264
Hamilton and suburbs.	22,966
Windsor and suburbs..	10,599
London and suburbs..	11,983

2. No, but before selling a radio set a dealer is required to see that the purchaser is licensed.
3. Answered by No. 2.

MONTREAL POSTAL PARCELS CONTRACT

Mr. POULIOT:

1. Who holds the contract for the transportation of postal parcels in the city of Montreal?
2. On what date was this contract renewed the last time?
3. What was the amount of the contract (a) before renewal; (b) after renewal?
4. Were tenders called for before the renewal of such contract?
5. If so, what are the names and addresses of the tenderers, and the amount of each tender?
6. If not, why were tenders not called for?

Mr. SAUVE:

1. J. E. Laurent.

2, 3, 4, 5 and 6. The contract for this service was held by Gour & Richer at the rate of 70 cents per hour and was due to expire on September 30, 1930.

On May 1, 1930, instructions were issued to renew this contract for a further term of four years.

Owing to the fact that the department received information that Gour & Richer were farming out the contract these instructions were cancelled and the service placed in the hands of J. E. Laurent from October 28, 1930, under a temporary agreement at the same rate.

STE. ANNE DE BEAUPRE, QUE., POSTMASTER

Mr. CASGRAIN:

What sum of money has Mr. Simeon Ratte, postmaster at Ste-Anne de Beaupre, received by way of salary, commission or otherwise, since his appointment?

Mr. SAUVE: $6,910.13 from January 3, 1931, date of transfer of office, to February 28, 1933

TADOUSSAC-ST. CATHERINES BAY, SERVICE

Mr. CASGRAIN:

1. Has the Hon. Minister of Trade and Commerce received any communications from the citizens of the county of Saguenay asking for a twice-daily boat service between Tadoussac and St. Catherines bay?
2. If so, what were the tenor of such petitions or communications?

Mr. STEVENS:

1. Yes.

2. Asking that a service of two trips a day be performed.

DEPORTATIONS

Mr. LUCHKOVICH:

1. What was the number of the deportations for the fiscal years 1931 and 1932, and for the six months of the 1933 fiscal year?

2. What was the nationality of the deportees?

3. How many of these deportations were due to mental, criminal, public charge and unlawful entry causes?

4. What was the cost to Canada of said deportations?

Mr. GORDON:

1.

1930-31	4,376
1931-32	7,025
1932-33 (6 mos.)	3,967

2.	1930-31	1931-32	6 mos. 1932-33
Arabian	1	–	–
Albanian	–	–	1
Austrian	13	53	26
Belgian	16	50	10
British	3,099	4,248	2,574
Bulgarian	3	8	8
Chinese	73	78	32
Czecho Slovak	57	311	88
Danzig	–	3	3
Dutch	36	75	42
Esthonian	6	4	2
East Indian	–	3	–
Finnish	95	256	141
French	9	16	11
German	121	222	119
French W. Indies	–	–	2
Greek	10	17	6
Hungarian	33	179	56
Italian	11	24	17
Japanese	3	28	29
Jugo-Slav	39	88	66
Latvian	1	2	–
Lithuanian	14	29	13
Luxemburg	–	1	1
Maltese	1	1	2
Palestine	–	1	–
Polish	160	500	232
Roumanian	70	150	87
Russian	2	22	18
Danish	92	142	65
Icelandic	–	1	1
Norwegian	56	111	62
Swedish	39	87	61
Spanish	–	1	–
Swiss	34	46	13
Syrian	1	7	–
Turkish	–	1	–
Ukrainian	1	–	–
U.S.A.	279	260	179
Portugese	1	–	–

3.	1930-31	1931-32	6 mos. 1932-33
Mental	436	330	163
Criminal	868	1,006	452
Public charge	2,245	4,507	2,694
Unlawful entry	119	243	141

4.

1930-31	$146,666 12
1931-32	295,159 79
1932-33 (6 mos.)	122,628 59

CARLETON POINT, QUE., LIGHTHOUSE KEEPER

Mr. MARCIL:

1. Has Edward Martin been appointed permanently as keeper of the light house at Carleton Point, county of Bonaventure, Quebec?

2. If so, when was the appointment made?

Mr. DURANLEAU:

1. Henri Joseph Martin was permanently appointed lightkeeper at Carleton, Quebec, by Civil Service Commission certificate dated May 27, 1932. It is understood this is the same person as Edward Martin, his name in full being Henri Joseph Edouard Martin.

2. Answered by No. 1.

JOE MERRYFIELD

Mr. MACKENZIE (Vancouver):

1. Is one Joe Merryfield in the employ of the federal government?

2. If so, what are his duties?

3. Do his duties necessitate his visiting the province of British Columbia?

Mr. STEVENS:

1, 2 and 3. Mr. J. E. Merryfield has been in the employ of the government as census commissioner (census of trading establishments), in which capacity he has been engaged recently in western Canada, including British Columbia, his employment terminating on March 31, 1933.

MAIL AND STEAMSHIP SUBVENTIONS

Mr. MACKENZIE (Vancouver):

1. What was the total amount of mail and steamship subventions given on the Pacific ocean for the last three years?

2. How much of the aforesaid subsidy goes to Canadian ships?

3. How many Canadian owned ships are in receipt of a subsidy?

4. How many British or other owned vessels are chartered on the Canadian Pacific coast, and in receipt of a subsidy?

5. Are any of the companies receiving subsidies employing Oriental crews?

Mr. STEVENS:

1. Excluding coasting services—$2,295,450.

2. To Canadian owned ships—$1,691,800.

3. On the Pacific, excluding coastal services—7.

4. There are under charter at the present time 3 ships.

5. In some cases stewards, deck hands, etc., employed in ships sailing to Chinese ports are orientals, under British or Canadian officers.

*BEAUHARNOIS POWER PROJECT

Mr. GARLAND (Bow River):

1. Has the government taken any steps to secure repayment of the sum of $125,000 made by the Beauharnois Corporation Limited to John Aird, junior?

2. Has the government taken any steps to secure repayment of the sum of $150,000 said to have been paid by Mr. R. O. Sweezey out of the funds of the Beauharnois Corporation Limited to the National Press of Winnipeg?

Mr. BENNETT: The answer to the question is, No, because the government had no jurisdiction in the premises.

Mr. SPEAKER: Answered.

QUESTIONS PASSED AS ORDERS FOR RETURNS

RACE TRACK EMPLOYEES

Mr. BOULANGER:

1. At the present time, in a general way and in so far as the government has information, are Canadian citizens debarred from employment on race tracks in the United States?

2. Have citizens of the United States recently made application to the Department of Immigration for permits to enter Canada for the purpose of employment on Canadian race tracks during the coming racing season?

3. If so (a) who are the persons who have made such an application; (b) what are the reasons alleged in support of their application; (c) was their application recommended to the Department of Immigration in each case; if so, by whom; (d) what kind of work have these persons stated they intend to perform on Canadian race courses?

4. Have citizens of the United States been employed on Canadian race tracks during the last racing season under permits granted by the Department of Immigration?

5. If so (a) who are the persons to whom such permits have been granted; (b) what work has been performed by said persons on Canadian race tracks; (c) have the said persons paid income tax to the Canadian exchequer on the revenue they have earned by working on Canadian race tracks; (d) what reasons have motivated the granting of permits to such persons; (e) who recommended to the Minister or to the Department of Immigration the granting of permits to such persons, if any?

NATIONAL RESEARCH INSTITUTE

Mr. McGIBBON:

1. What was the cost of the site of the National Research Institute?

2. What was the cost of the erection of the National Research Institute?

3. What was the cost of the equipment of the National Research Institute preparatory to its inauguration in 1932?

4. What was the total amount of the travelling expenses incurred by Dr. H. M. Tory, president of the National Research Council, each year from 1926, inclusive, to 1933, including those for voyages to Japan, England and Germany?

5. What was the cost of transportation of Dr. Tory's household effects (and a motor) from Edmonton to Ottawa in 1928-29?

6. What was the total expenditure for assisted researches for 1926-33?

7. What was the total expenditure for salaried assistants in the assisted researches from 1926 to 1933?

8. What was the total amount of the travelling expenses incurred by members of the National Research Council in attending meetings of the council for each year (specified) from 1926 to 1933?

MOTIONS FOR PAPERS

ADAMSVILLE, KENT COUNTY, N.B., POSTMASTER

Mr. VENIOT:

For a copy of all correspondence, petitions or other documents in connection with the appointment of the postmaster at Adamsville, Kent county.

SOUTH OXFORD ELECTION COMPLAINTS

Mr. ARTHURS (for Mr. Anderson, Halton):

For a copy of all correspondence, telegrams, or other documents, exchanged between any person or persons and the chief electoral officer of Canada, relating to, or in any way having a bearing on complaints received by the chief electoral officer regarding the returning officer for the constituency of Oxford South during and immediately following the Dominion election held on July 28, 1930.

MR. SIDNEY J. WEBSTER

Mr. MACKENZIE (Vancouver):

For a copy of all correspondence between the Minister of the Interior or any departmental official, and Mr. Sidney J. Webster, of Golden, British Columbia, regarding lot 10550, G.I. Kootenay district, on the east shore of Kinbasket lake, on Big Bend road.

BILINGUAL STAMPS

Mr. LAVERGNE:

For a copy of all documents, requests, petitions and correspondence, respecting bilingual stamps or currency addressed to the federal government or the House of Commons by citizens of Canada, in 1906 and 1907.

Mr. BENNETT: I trust the hon. member will not press this motion. It goes back twenty-seven years, and necessitates a very great difficulty in ascertaining whether or not there are any papers. Because, after ten years many of them are destroyed, and it will take a very long time to ascertain whether they are existent or not.

Mr. LAVERGNE: I do not wish to press the motion, but my recollection is that in 1907 I presented a petition in favour of bilingual currency, having the signatures of 1,700,000 Canadians.

Mr. BENNETT: I forgot to mention that some of the petitions presented to the house were in the archives of the old building and were destroyed by the fire. We are not in a position to say whether this petition was among them or not.

Mr. SPEAKER: Dropped.

VALUATION FOR DUTY

Mr. YOUNG:

For a copy of all orders in council issued since August 20, 1932, pertaining to valuations for duty on goods entering Canada from Great Britain or any other country; also a copy of all instructions, including confidential letters to customs officers affecting the valuations for duty or classification for duty purposes, issued by the Department of National Revenue since August 20, 1932.

Mr. RYCKMAN: Before this motion carries I think it should be brought to the attention of the house, as I am sure my hon. friend well knows, that it has not been the practice of this government or its predecessor to bring down confidential information. The Department of National Revenue cannot display even to the House of Commons the transactions which take place with private individuals. This notice of motion also asks for confidential letters passing between officers of the department. I submit, Mr. Speaker, that the motion should be redrafted. I am sorry to put my hon. friend to any trouble, but if we are not asked for confidential information of the kind I have mentioned I shall be glad to give my hon. friend such information as I can.

Mr. YOUNG: It is not the intention of the question to seek information on confidential matters relating to the private affairs of any company. What the question asks for is confidential letters sent to customs collectors affecting valuations. When these confidential letters are sent out to the officers and are acted on and because of the instructions given in these letters valuations for duty are made, then public action has been taken and it is no longer confidential.

Mr. LAPOINTE: They become public matters.

Mr. SPEAKER: Will the hon. member consider amending the motion?

Mr. YOUNG: No.

Mr. SPEAKER: Or does he press it as it is?

Mr. YOUNG: As it is.

The house divided on the motion (Mr. Young) which was negatived on the following division.

YEAS

Messrs:

Ahearn,
Beaubien,
Bertrand,
Blair,
Bourassa,
Bradette,
Brown,
Butcher,
Carmichael,
Casgrain,
Chevrier,
Coote,
Denis,
Desrochers,
Donnelly,
Dubois,
Duff,
Dupuis,
Factor,
Ferland,
Fiset, Sir Eugène,
Garland (Bow River),
Gershaw,
Girouard,
Goulet,
Hall,
Hanson (Skeena),
Heaps,
Heenan,
Howard,
Howden,
Hurtubise,
Ilsley,
Irvine,
Jacobs,
Jean,
Kennedy (Peace River),
King, Mackenzie,
Lapointe,
Lucas,
Luchkovich,
MacInnis,
Mackenzie (Vancouver Centre),
MacLean,
McKenzie (Assiniboia),
Mitchell,
Moore (Ontario),
Motherwell,
Munn,
Neill,
Parent,
Perras,
Power,
Ralston,
Reid,
Roberge,
Rutherford,
St-Père,
Séguin,
Speakman,
Spencer,
Stewart (West Edmonton),
Taylor,
Totzke,
Urquhart,
Vallance,
Verville,
Woodsworth,
Young.—69.

NAYS

Messrs:

Anderson (Toronto-High Park),
Anderson (Halton),
Arsenault,
Arthurs,
Baker,
Barber,
Baribeau,
Beaubier,
Bell (St. John-Albert),
Bennett,
Bourgeois,

Bowen,
Bowman,
Boyes,
Burns,
Bury,
Casselman,
Chaplin,
Charters,
Cotnam,
Cowan (Port Arthur-Thunder Bay),
Cowan (Long Lake),
Davies,
Dickie,
Dorion,
Dupré,
Duranleau,
Ernst,
Esling,
Fraser (Cariboo),
Ganong,
Garland (Carleton),
Gobeil,
Gordon,
Gott,
Guthrie,
Hackett,
Harris,
Hay,
Johnstone,
Jones,
Laflèche,
Loucks,
MacDonald (Cape Breton South),
Macdonald (Kings),
Macdougall,
MacLaren,
MacMillan (Saskatoon),
MacNicol,
McDade,
McGibbon,
McGillis,
McGregor,
McLure,
Maloney,
Manion,
Matthews,
Moore (Chateauguay-Huntingdon),
Morand,
Mullins,
Murphy,
Nicholson,
Peck,
Perley (Qu'Appelle),
Pickel,
Plunkett,
Price,
Quinn,
Rhodes,
Robinson,
Rogers,
Ross,
Ryckman,
Ryerson,
Sauvé,
Shaver,
Short,
Simpson (North Simcoe),
Simpson (West Algoma),
Smith (Victoria-Carleton),
Smith (Cumberland),
Sproule,
Stanley,
Stewart (Leeds),
Stewart (Lethbridge),
Stinson,
Stirling,
Stitt (Nelson),
Sutherland,
Swanston,
Thompson (East Simcoe),
Thompson (Lanark),
Tummon,
Weese,
Weir (Melfort),
White (London),
White (Mount Royal),
Willis,
Wilson,
Wright.—100.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Barrette,
Bell (Hamilton),
Bell (St. Antoine),
Beynon,
Black (Halifax),
Cahan,
Cantley,
Duguay,
Edwards,
Embury,
Fortin,
Gagnon,
Geary,
Hanson (York-Sunbury),
Kennedy (Winnipeg),
Larue,
Laurin,
Lawson,
Lennox,
Perley, Sir George,
Rhéaume,
Mercier (St. Henri),
Raymond,
Euler,
Dubuc,
Rinfret,
Cardin,
Dumaine,
Elliott,
Bothwell,
Fafard,
Boulanger,
Mercier (Laurier-Outremont),
Veniot,
McIntosh,
Thauvette,
Fontaine,
Gray,
Pouliot,
Marcil,
Pettit,
Porteous,
Rowe,
Senn,
Smoke,
Spankie,
Spence,
Spotton,
Stevens,
Stitt (Selkirk),
Sullivan,
Turnbull,
Bouchard,
Macphail, Miss,
Lacroix,
Sanderson,
Cayley,
Gardiner,
Fraser (Northumberland),
Hepburn,
Malcolm,
Weir (Macdonald),
Brasset,
McPhee.

Mr. SMOKE: I was paired with the hon. member for South Oxford (Mr. Cayley). Had I voted I would have voted against the motion.

Mr. SPENCE: I was paired with the hon. member for Northumberland (Ontario) (Mr. Fraser). Had I voted I would have voted against the motion.

Mr. EDWARDS (Waterloo): I was paired with the hon. member for West Middlesex (Mr. Elliott). Had I voted I would have voted against the motion.

Mr. BELL (St. Antoine): I was paired with the hon. member for Beauharnois (Mr. Raymond). Had I voted I would have voted against the motion.

Mr. SPOTTON: I was paired with the hon. member for West Elgin (Mr. Hepburn). Had I voted I would have voted against the motion.

Mr. PETTIT: I was paired with the hon. member for Kamouraska (Mr. Bouchard). Had I voted I would have voted against the motion.

Mr. ROWE: I was paired with the hon. member for Beauce (Mr. Lacroix). Had I voted I would have voted against the motion.

Mr. GOLDING: I was paired with the hon. member for Frontenac-Addington (Mr. Spankie). Had I voted I would have voted for the motion.

Mr. LENNOX: I was paired with the hon. member for Témiscouata (Mr. Pouliot). Had I voted I would have voted against the motion.

Mr. PORTEOUS: I was paired with the hon. member for Southeast Grey (Miss Macphail). Had I voted I would have voted against the motion.

Mr. BRASSET (Translation): I was paired with the hon. member for St. Ann (Mr. Sullivan). Had I voted I would have voted for the motion.

Mr. RHEAUME (Translation): I was paired with the hon. member for Berthier-Maskinongé (Mr. Barrette). Had I voted I would have voted for the motion.

BUSINESS OF THE HOUSE

INQUIRY AS TO FURTHER LEGISLATION TO BE BROUGHT DOWN

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Now that the Minister of Finance (Mr. Rhodes) has brought down his budget I should like to ask the Prime Minister if he is in a position to indicate to the house whether we now have before us all the legislation that will be introduced this session with the exception of what may arise out of the resolutions now before the committee of ways and means and anything that may come from other committees of the house. I should like to ask also whether the government intends to proceed at this session with the redistribution measure and if there is any possible way in which that measure might be expedited.

Right Hon. R. B. BENNETT (Prime Minister): The shipping bill now in the other chamber will be proceeded with and the pensions bill will be brought down. The redistribution bill will be proceeded with, and I think every reasonable effort is being made to expedite the work of that committee, at least that is my advice in that regard. Amendments to some existing statutes probably will have to be brought down, affecting possibly the Post Office Act, the Public Works Act, the Judges Act and the criminal code. Owing to the great difference of opinion that has been expressed by different public bodies with respect to the proposed legislation arising out of the Gibb report I am not in a position at the moment to say whether or not that bill will be proceeded with. It has been printed, but a great many public bodies in the cities affected have been directing communications to the government suggesting that the matter be delayed until they can further consider it. At the moment I cannot say whether or not we will proceed with that measure at this session. I think two or three other statutes, the names of which I do not recall at the moment, will have to be amended as well. I will endeavour to indicate clearly on Monday, so far as one may do so with certainty, the legislation that will be proceeded with.

PRIVILEGE—MR. POWER

On the orders of the day:

Mr. C. G. POWER (Quebec South): As a matter of privilege I should like to state that during the course of some observations I made last week I stated in good faith that the Temiscouata Railway was held or controlled by the Canadian Pacific Railway, or the Quebec Central. I am informed by a telegram which I have just received from the president of the Temiscouata Railway that this is not the case, so I wish to correct any wrong impression I may have given.

PRIVILEGE MR. McINTOSH

On the orders of the day:

Mr. CAMERON R. McINTOSH (North Battleford): I rise to a question of privilege, Mr. Speaker. At page 2000 of House of Commons Debates, there appears the following statement:

> Mr. McIntosh: Is it not a fact that a lot of dead horse railways in eastern Canada have been taken over as part of the Canadian National?

I wish emphatically to deny that I uttered any letter, syllable, word, phrase or clause making up this statement; in fact I repudiate the statement and the sectional sentiment giving rise to it. Because of this attitude I ask that it be dissociated with my name in Hansard and accredited to the dead horse member, whoever he may be, who gave expression to such a deplorable spirit of small Canadianism.

UNEMPLOYMENT STATISTICS

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, pamphlets have been issued entitled "Unemployment Among Wage Earners" giving the statistics for one or two of our large cities. I should like to ask the Minister of Trade and Commerce (Mr. Stevens) whether this information is available with regard to the country at large.

Mr. STEVENS: I will take it as a notice of a question and look into the matter.

UNEMPLOYMENT AND FARM RELIEF

CONTINUATION FOR ONE YEAR OF PROVISIONS OF RELIEF ACT, 1932

The house resumed from Tuesday, March 21, consideration in committee of the following proposed resolution—Mr. Gordon—Mr. Ross in the chair:

> Resolved, that it is expedient to introduce a measure to continue in force the provisions of the Relief Act, 1932, until the 31st of March, 1934.

Mr. HEENAN: When the house rose last evening I was saying to the Minister of Labour that I hoped his back to the land movement would be more successful than previous schemes had been. This is not the first time that an attempt has been made in this country to establish a back to the land movement, at least in Ontario. I can remember that the Hon. Mr. Ferguson, as Minister

of Lands and Forests in 1917, established what was known as a colony on the east side of the river Kapuskasing. I am not sure whether the minister was in that part of the country at that time, but I may tell him that Mr. Ferguson believed he had started a well laid out scheme. As I say, he began it in 1917 but it was abandoned in 1920.

Let us examine what was done in connection with that scheme. I want to impress upon the minister that too much care cannot be taken in trying to establish people on the land. Mr. Ferguson and his organization selected the east side of Kapuskasing river, and the land there was supposed to be one of the best pieces of soil for farming purposes. Moreover, the beauty of the landscape, the fact that a dominion experimental farm was about to be established on the other side of the river, and other favourable circumstances were all taken into consideration as well as the method followed to have the applicants properly selected for settlement on the land. A committee was appointed to pass upon the suitability of applicants; indeed, proper instructions were given to the applicants before they were allowed to go on the land. They were granted eighty acres of land which subsequently was increased to one hundred acres; each applicant was allowed $150 to go towards the erection of a house; and they were each loaned $500. At the outset of their training they were given certain allowances; $1.10 a day for unmarried men, and for married men, $5 for the wife and $6 for each child per month, not to exceed in the aggregate $50 for each family per month. This was later discontinued and there was a great deal of dissatisfaction in the colony.

I would point out to the minister that this well laid out scheme, after all these precautions were taken, ended in failure. The government appointed a commission in 1920 under the chairmanship of Mr. W. F. Nickle, who was later a member of this house and later still Attorney General of Ontario, and they recommended that the scheme be abandoned. So far as I can make out, it cost the province of Ontario something like $2,000,000 for the experiment. I hope that the minister's back to the land movement will prove more successful than that scheme. Now that the minister and the government are interesting themselves in the back to the land movement, especially so far as Ontario is concerned, it seems to me that they might do something to improve the living conditions of those now on the land in northern Ontario so as to keep them there, instead of having them leave the farms as at present.

[Mr. Heenan.]

There are many methods that could be adopted. I will suggest one to the minister. If he is now advocating a back to the land movement in cooperation with Ontario, he ought to take this opportunity of impressing upon the Ontario government the importance of making provision, either by way of regulations or law or in some other way, to compel or at least to require the pulp and paper companies in the north to purchase their pulpwood from the settlers, and at a fair price. That is one suggestion I have to offer and I hope that the minister, when he is discussing the matter with the Ontario government—I suppose the same thing will apply to Quebec—will see to it that the settlers now on the land get a better opportunity of making a living in order to keep them on the land.

May I ask the minister now whether he will give us the information we were trying to get last evening as to whether or not in this relief measure it is intended to establish an unemployment insurance scheme, because that is a method whereby, if we cannot cure, at least we can relieve unemployment. I do not want to repeat what I have said before, but I think the minister ought to tell us whether or not he intends to take any of the moneys which are to be voted for the purposes of this measure and apply something towards the establishing of an unemployment insurance scheme. Further, I think the minister ought to inform the committee whether or not at the late dominion-provincial conference such a scheme was discussed; whether or not this government had a plan prepared and laid before the conference; and whether or not any of the provincial governments had plans of their own to propose at the conference. I would like the minister to give us that information before we discuss the other angles of this resolution.

Mr. GORDON: Mr. Chairman, the hon. member for Kenora-Rainy River (Mr. Heenan) has spent some time in commenting upon the colonization effort made in and about the Kapuskasing river valley in 1919. I happen to know a good deal about that effort. It was started as a relief measure in the hope that some returned soldiers could be settled in that area. As anyone who cares to visit that part of the country will see, the location was ideal. Some criticism might be made of the choice of settlers upon the ground that in many cases they had no previous farming experience. If there was any weakness in the scheme, it was in the method of selection. I followed closely the effort which was

made. Even before the project was started it was faced with considerable political opposition from the political party then known as the United Farmers of Ontario. This opposition took place prior to the provincial elections of 1919. Whether the scheme was good or whether it was bad, it was opposed from the beginning. The effort got into politics and any effort of that character which gets into politics and is footballed around has very little hope of ultimate success. The government of the province of Ontario changed in 1919, and following true to political history, the new government under Premier E. C. Drury, which had previously criticized this scheme decided to discontinue the effort. Except with the one reservation in connection with selection to which I have referred, the whole scheme had a sound basis. Anyone who cares to visit the Kapuskasing river valley will find that it is settled with men who at least are doing as well as other farmers in this country. I suggest to the hon. member that the effort to open up that section of northern Ontario was not the failure which his remarks would seem to indicate.

The matter of unemployment insurance has been brought to the attention of the government of Canada on many occasions throughout a period of many years. The files of the Department of Labour indicate that resolutions have been coming into the department dating back as far as 1923.

Mr. HEAPS: Were those resolutions from outside bodies?

Mr. GORDON: Yes. I have before me some sixteen pages of typewriting containing names of labour and other organizations from which resolutions were received. The government of the day undoubtedly recognized that the subject was a most difficult one and that it was rendered still more difficult in Canada by reason of the constitutional setup of this country. The files contain a letter written by the then Minister of Labour to H. Little, secretary treasurer of the United Brotherhood of Maintenance of Way Employees, acknowledging a resolution which had been received from that organization. That letter was dated February 22, 1924, and reads:

This particular question is, as you know, a matter that has been before us on several occasions for consideraton. The main point involved would appear to be as to whether, with the enormous tax burdens that have come to the people of Canada as the result of the war, additional financial obligations could be assumed.

A circular letter was finally adopted as an answer to the many resolutions being received.

Mr. NEILL: What is the date of that?

Mr. GORDON: A letter was drafted and in many cases the other answers follow the same language. The one I shall read is addressed to H. C. Needell, 145 Brunswick avenue, Toronto, by the then Minister of Labour (Mr. Heenan) and is dated February 10, 1930. It reads:

Your letter of January 4 addressed to the Prime Minister, in which you have written on the subject of unemployment conditions and the desirability of the public authorities establishing a system of unemployment insurance, has been referred to the undersigned.

The standing committee of the House of Commons on industrial and international relations has been giving consideration during the past two sessions of parliament to the question of insurance against unemployment. A number of witnesses have been examined with the object of ascertaining the facts as to unemployment existing in this country and also as to systems of unemployment insurance which have been established elsewhere. The report of this committee last session, which was adopted by the House of Commons, accepted and endorsed the principle of unemployment insurance based on compulsory contributions derived from the state, employer and employee. The committee report went on to observe that while it is highly desirable that such legislation should be uniform in all the provinces and that while social insurance has a federal aspect, nevertheless, according to the Department of Justice, under our constitution, legislative jurisdiction in relation to a compulsory system of unemployment insurance is vested exclusively in the provincial legislatures.

The committee further noted that the provinces, on being consulted by the federal Department of Labour with regard to their attitude towards the establishment of a general scheme of unemployment insurance, did not appear to be prepared to take immediate action. It was recommended that the federal government be requested to bring this subject matter before the next dominion-provincial conference.

Copies of the last report of the proceedings of the above-mentioned committee have been sent to the different provincial governments this fall and replies are now being received which will doubtless come before the committee on industrial and international relations at the coming session.

If you are particularly interested in the reports of the committee proceedings I will be pleased to have copies of the same sent to you.

That was the answer sent to all those petitioners.

On February 3, 1930, a conference was convened by the present hon. member for Kenora-Rainy River. Perhaps, before I proceed with that, I might read to the committee a letter sent by the Deputy Minister of Labour on April 14, 1930, to many of the petitioners and directed to the attention of the then Prime Minister and in turn to that of the Minister of Labour:

In the absence of the Minister of Labour from Ottawa, I beg to acknowledge your letter of the 10th instant in which you inquire as to a declaration of the Prime Minister on

February 26, in favour of the establishment of a system of unemployment insurance. In reply I would state that on February 26 the Minister of Labour received a deputation of representatives of certain municipalities in Ontario, Manitoba, Saskatchewan, Alberta and British Columbia, and of the provincial governments of Manitoba, Saskatchewan, Alberta and British Columbia, on the subject of unemployment. On the following day the Prime Minister was asked in the House of Commons if the Dominion government was willing to take the initiative in calling a special conference of the provinces to consider the question of unemployment insurance. In reply to this question the Prime Minister spoke as follows:

"My recollection is that a special committee of this house considered this question last session and brought to the house a report to the effect that unemployment insurance was necessarily a matter with which provincial governments rather than the federal government would have to deal. I think I expressed the view yesterday that in my opinion a system of unemployment insurance would be a constructive way to deal with the unemployment problem, to which system not only the employer and the governments concerned would contribute but the worker also. If the provinces make a move in this matter and it appears that the federal government can be of assistance in helping to bring about uniformity as between the provinces of any plan proposed, or can cooperate in other ways in any discussion on the subject, we shall be glad upon invitation to take the matter under consideration."

Yours truly,

Deputy Minister of Labour.

As to the conference referred to in that letter, I find a report on the files of the Department of Labour. Before I deal with the report, I should like to make this observation, that a review of the files of the Department of Labour discloses the fact that for a number of years, back as far as 1923, this subject has been before that department. As I have already indicated, the subject is one of great complexity and difficulty; it is also a subject that, if embarked upon by any government, should be taken up and the structure established in such a way that failure will not follow the effort, because we have already in the world too many instances where ill-advised legislation setting up machinery for unemployment or social insurance was not based upon a firm and sound foundation, this apart entirely from the difficulty with which Canada is confined by reason of our constitution. To all the advances or petitions that were made to the late government the same answer—and I am not particularly complaining about this—was made by succeeding ministers of labour and by the then prime minister, in substance that the matter was one to which the provinces would have to subscribe—and that is very true—and that the government would give consideration to the subject.

As I say, a conference was held, and on the files of the Department of Labour I find a report of it. I can assure the committee that the report is very illuminating. The conference was held at Ottawa on February 3, 1930, and the report states:

This morning the Minister of Labour, Hon. Peter Heenan, in company with Hon. Dr. J. H. King, Minister of Pensions and National Health, and Hon. J. C. Elliott, Minister of Public Works, met a delegation from several municipalities in the province of Ontario, at which time a request was made that the federal government should cooperate with the municipalities in connection with unemployment relief—

The committee will note that this conference dealt, according to this report, only with unemployment relief.

—by assuming one-third of the expenditure in excess of normal cost where municipalities undertake special work for the purpose of providing employment.

The delegation was introduced by Senator Spence, who stated that fourteen municipalities were represented, and called upon His Worship Mayor Wemp of Toronto, who had been chosen by the gathering to be their spokesman.

Mayor Wemp, who opened the discussion, stated that it was not the intention of the gathering to criticize the administration but that they felt it was only proper they should present the problem, which he indicated was very acute, to the government in the hope that the government would see its way clear to adopt the policy of some former years and assist the municipalities in bearing a share of the expenditure in excess of the normal cost.

Mayor Wemp, in turn, introduced the following, all of whom reechoed his views:

Mayor Beckett, of Brantford; Doctor Bell, Hamilton; Mayor Kilpatrick, London; Frank Mitchell, the Border Cities (Windsor); Reeve Leslie, Township of East York; Reeve Dean, Township of York; Alderman Hughes, Welland; John Linden, Scarborough; a gentleman representing Reeve Marshall of Etobicoke Council, the same also representing New Toronto; also Controllers Somerville, Simpson, Pearce and Robins of Toronto.

At the conclusion of the presentation remarks were made by the Hon. Peter Heenan, Minister of Labour, Hon. Dr. King and Hon. Mr. Elliott. The undersigned was present during the proceedings, also Deputy Minister of Immigration, Mr. Egan. In addition the following other officers of the Department of Labour were present, Colonel Schnarr, Mr. Rigg and Mr. Phelan.

H. H. Ward,
Deputy Minister.

That is the sum and substance of the effort so far as I have been able to learn—there may have been something else—from the files of the department as to getting the provinces together with the dominion authorities in order that out of the conflict of jurisdiction the problem might be gotten into shape where legislation might be introduced to advance

some plan with respect to unemployment or social insurance.

I can only make this remark in passing, that the same difficulty which confronted the late government, confronts the present one. We have the added difficulty that industry in Canada to-day, in common with that of other countries, is passing through a most perilous time. I ask any hon. member of this committee, who gives careful thought to the subject, whether or not the difficulties which confronted the late administration in connection with problems such as the one we are now discussing, are not increased ten-fold at the present time. I am convinced that by hurrying through legislation which has not been considered from every possible angle we may defeat the object to be attained. That is, if such a plan is found to be workable, having regard to the complexities of the problem, then it should be initiated and founded on a sure and actuarially sound basis, and should be subscribed to by every province of Canada and by the industries affected.

It is also abundantly true, at least it is so proclaimed by hon. members who were in the house when the late government was in power, that if there was a time more than any other when the world was apparently prosperous it was during part of the period of office of hon. members opposite. Yet, a review of the files of the Department of Labour which were compiled when the hon. member for Kenora-Rainy River was Minister of Labour does not disclose anything but the expressions "Serious consideration will be given" or "The industrial and international relations committee have it under review." Nothing else was done. I suggest, and I think not unfairly, that as the late administration were in power at a time when people thought the world was passing through a period of prosperity, if they were unable during all those years to make any substantial advance towards procuring the object now so dear to the heart of the hon. member for Kenora-Rainy River, then, I say it does not come with the best of grace at a time like this for the hon. member to offer condemnation of what this government is endeavouring to do by way of at least having the provinces come in with the dominion—and that means the overcoming of many difficulties—in order to bring about a plan of social or unemployment insurance which, once started, will be permanent and successful. At the moment that is as far as I care to go. I trust the accusation will not be made that my remarks have been made from a political standpoint, because I feel certain the great majority of members in the committee are thoroughly conversant with the difficulties and pitfalls ahead of any government which seeks to set up a scheme of social or unemployment insurance calculated to operate on a permanent basis, and to work in the interests of those affected by it, and in the interests of the country as a whole.

Mr. HEENAN: Mr. Chairman, the minister has succeeded very well in evading answering the question I asked. If he will look at my remarks of last evening or read what I said this afternoon he must be convinced that I am not criticizing the government for not making greater haste with respect to the establishment of an unemployment insurance scheme. There was no necessity for the heat just now displayed by the minister. What I asked him, and what we have a right to know is: What progress is he making? Was the matter discussed at the recent dominion-provincial conference? Did the government lay a plan before the conference, or had any of the provinces a plan to lay before the federal government? That is the question I have asked. I am not criticizing him. But apparently in his efforts to make political capital, notwithstanding the fact that he has said he does not wish to do so—has misrepresented the evidence on his own files—or at least, the evidence of the files he ought to have before him.

I did not raise the question of jurisdiction as between the provinces and the dominion. I realize as well as the minister that we have obstacles to meet in that connection. If the files were produced they would show that the late government, after the establishment of the Old Age Pensions Act, started in step by step to bring the provinces together. I notice that the minister very carefully evaded reading the files which would disclose that fact. In 1928 the hon. member for North Winnipeg (Mr. Heaps) moved a resolution asking that the matter be considered. If the government of the day had desired I believe we could have evaded the matter by attempting to have the Speaker rule the resolution out of order, on the ground that it was a provincial matter. However we chose to accept the resolution. It was submitted to the industrial relations committee, and they in turn made certain recommendations. Again in 1929—

The CHAIRMAN: Order. The hon. member cannot discuss the Old Age Pensions Act on this resolution.

Mr. HEENAN: I am not discussing it.

The CHAIRMAN: It looks like it, to me. The hon. member is referring to a resolution about the Old Age Pensions Act.

Mr. HEENAN: I am answering the Minister of Labour.

The CHAIRMAN: The hon. member certainly cannot discuss the Old Age Pensions Act under this resolution.

Mr. HEENAN: I am not doing that; I shall not refer to it again. In 1929 the matter was again submitted for further consideration to the industrial relations committee.

The CHAIRMAN: Order.

Mr. HEENAN: I am speaking about unemployment insurance.

The CHAIRMAN: Very well, go ahead.

Mr. HEENAN: The recommendations of the committee, while I have not them before me, were to the effect that at the next dominion-provincial conference the government would lay before the provinces the matter of the establishment of an unemployment insurance scheme for Canada. The government of that day did not wait until the next dominion-provincial conference. If the minister will refer to his complete files he will find that we canvassed the provinces; he will find on that file that many of the provinces acquiesced, and agreed to the unemployment insurance scheme for Canada. One of the reasons we did not go into it more thoroughly was that we were right in the face of an election. We did not wish to draw that question into politics. What would have been said, if we had called a dominion-provincial conference in the face of an election? We would quite probably have been accused of making a political football out of the unemployment insurance scheme. But we did promise, and had in the estimates for 1930 a provision for sufficient money, to hold a dominion-provincial conference, had we been returned to power.

That is the history of the matter, and I am satisfied if the late government had been returned to power we would have an unemployment insurance scheme in operation in Canada to-day. I do not wish the minister to evade my question; I am not criticizing him because he has not introduced an unemployment insurance scheme. But certainly the words of the Prime Minister as expressed on April 29, 1931, gave hope to the workers of Canada that an unemployment insurance scheme would soon be introduced. His words were:

> I propose, if we are spared as a government and as individuals, that the information we will have before our term of office is ended shall be crystallized into the form of legislative proposals to be submitted to this house.

The headlines of the newspapers instilled into the hearts of the workers hopes that the government was going to introduce such a proposal. Without criticizing either the minister or the government, all I am asking now is, what did they do at the last dominion-provincial conference to further this scheme? Was the matter discussed? Did they have a plan to lay before the provinces, or did the provinces have any plan to lay before the Dominion government? In other words I want to know, and I think I am entitled and the house is entitled to know, whether any serious effort was made to establish an unemployment insurance scheme for this country.

Mr. NEILL: I would like to endorse the remarks of the hon. member for Kenora-Rainy River (Mr. Heenan). In order to fortify myself against your possible displeasure, Mr. Chairman, I would like briefly to outline the position at the present moment. We are discussing a proposal to vote a very large sum of money, in some respects an unlimited sum, for the relief of unemployment. A conference was held last fall between the dominion and the provinces. The main purpose of that conference was the consideration of steps to be taken to deal with the needs of those unemployed. There were four major methods suggested and discussed; one was the provision of public works to make employment; another the provision of direct relief; a third was the land settlement scheme; and the fourth was the suggestion of dealing with it by means of unemployment insurance. These various plans were put forward and discussed, some as alternatives, some as palliatives, some as substitutes. Now we are told—at least I have heard it suggested from the chair both last night and to-day—that we can discuss, as we have discussed for three or four days, three of those plans, but must not discuss the fourth. I would like to know why not. We know that the provision of public works has more or less failed and been abandoned—

Mr. GORDON: It did not fail; that was not the reason for its abandonment.

Mr. NEILL: Well, abandoned because it was found impossible.

Mr. GORDON: Because it was too costly.

Mr. NEILL: It does not matter whether because it was too costly or for some other reason; at any rate it was found undesirable, we will say, and was largely abandoned. The direct relief system, while it is the one largely used to-day, has very grave disadvantages, the debasing effects of giving people the dole and so on. The land settlement system is a mere fleabite, when we recall that the minister told us yesterday that in British Columbia less than one hundred families have been put on the land, while the records show over 120,000 getting relief there. So the first has ceased to operate, the second has grave disadvantages, the third is merely piffle. It is possible that the solution is to be found in the fourth, and that is why we think it desirable that we should be furnished with as much information as possible when we are discussing this very important question of dealing with the unemployment situation.

I note that the minister gave a report of sorts about a conference that took place on the third of February, 1930. It was a poor sort of conference, because it was attended only by representatives of a few municipalities in Ontario. It is not to be compared with the recent dominion-wide conference. Apparently the minister did get from his records—it must have been provided and presumably went to parliament—a report of that conference, and that is what we are asking for to-day, a report of the Dominion-Provincial Conference.

Mr. GORDON: That report never left the files of the Labour department.

Mr. NEILL: Well he gave it to the house to-day, and that is what I am asking for as to the conference last January. We want to know what took place at that conference. Surely when people have paid their money—for we all contributed to the expense of those delegates—we are entitled to know, at some time at least, what took place, what obstacles were met with, what progress was made. The minister took refuge in the well worn retort, et tu Brute; he said the late government did not do any more than he was doing, and he referred to 1923. But in 1923 we were not voting $46,000,000 for unemployment relief. The problem has become immensely graver since then. What might be a good argument ten years ago is entirely unsuitable to-day, in view of the present conditions. The minister said it would be improper—and I quite agree—to introduce a measure of that character without considering every angle, and pointed out that industry is in a deplorable condition now and less able to bear any burden than it was at that time. But there is a difference between considering a subject in all its angles and ignoring it in all its angles. The government may be considering—we do not know, and we want to know what has been done. We are asking that information. In default of that information we have to rely on such political gossip as we can pick up from members who were at the conference and who talked when they went home, which is not a desirable way to get information. What took place at that conference? Did some provinces prove belligerent and say: We will not do anything; we will not chip in with the dominion; we will not subordinate our constitutional rights? Did they take that attitude? If so we might hesitate about giving them the millions for relief in the future that they have had in the past. These are the things we want to know. Did eight out of nine agree, or was a reasonable proposal put before them and were they asked to say: Will you subordinate your constitutional rights and allow the dominion to carry out such a scheme? Or was no scheme put before them? In that case of course we could hardly blame the provinces for hesitating to give up their rights. These are all things we want to know. We are not attacking the government, because these things are only guesses, but we want to get outside the sphere of guesses; we want to know what the situation is. I cannot understand the reluctance of the minister and the government to give that information. Possibly the facts will redound more or less to the credit of the Dominion government; then why not tell us, take us into their confidence, let us know where we stand and what has been done and what we can look forward to in the future? I do not think the country will be satisfied with anything less, and I think this house is entitled to that information.

The CHAIRMAN: I cannot see how that discussion can be relevant to this resolution. I think it is absolutely out of order.

Mr. MACKENZIE KING: Mr. Chairman, you permitted the minister to go very fully into this whole question.

The CHAIRMAN: Well, I seem to be alone in my opinion.

Mr. MACKENZIE KING: I think you are.

The CHAIRMAN: But I still maintain it.

Mr. BOUCHARD (Translation): It is useless to butt against everybody.

Mr. HEAPS: Mr. Chairman, I have taken a good deal of interest in this question ever since I had the honour of becoming a member of this house. The Minister of Labour (Mr. Gordon) this afternoon gave a resume of some resolutions submitted to the Department of Labour over a period of ten years. I would like to give a resumé of what action this house has taken in regard to this question of unemployment insurance.

Early in 1926 a communication was sent to the then leader of the opposition as well as to the hon. gentleman who led the government at the time. It dealt with the question of unemployment insurance as well as old age pensions, and requested their views on those very important subjects, dealing, that is, with the temporary question of providing for the unemployed at the time and also the question of unemployment insurance. Some action was taken by the government in providing relief for the unemployed for the winter of 1926-27, and when the session of 1927 came around a motion was introduced by myself asking that the matter of unemployment insurance be referred to a committee, I think of the house. But it did not pass in that session. A similar resolution was adopted in 1928 and referred to the committee on industrial and international relations, where the question was gone into very thoroughly. During that session, however, we did not have sufficient time to bring in a complete report, which later was done, approving in a general way of the principle of unemployment insurance but pointing out the constitutional difficulties standing in the way. In 1929 I do not think much action was taken, though I believe the question was raised, and in 1930 we were in much the same position. Then came the election of 1930, and unemployment insurance was discussed from many platforms in all parts of the country. The principle was accepted by both major parties; both agreed on the principle of unemployment insurance and both were prepared to do something if they were returned to office. In the early part of the session of 1931 I again raised the question, and the right hon. Prime Minister gave a definite understanding that within the lifetime of the present parliament legislation would be introduced looking towards the establishment of a system of unemployment insurance.

It is quite true, as the Minister of Labour has said, that a great many things have taken place since that time, and conditions have become greatly aggravated. I am very anxious indeed, even at this late date, to see a start made on some form of unemployment insurance, but it is a question whether legislation of that kind would even begin to remedy our troubles. The Minister of Labour has said that approximately a million and a third men, women and children, are on relief in Canada to-day, and when I say that there are at least eight hundred thousand people out of work the committee will have some idea of the problem we are facing. If we are to hold out any hope for those men and women out of work I feel that at least they should know the actual conditions. If we should have a scheme of unemployment insurance inaugurated at this time, I think even an optimist of the highest order would have to admit that it could affect only an extremely small proportion of those who find themselves out of work at present. I believe we have out of work roughly one-third of those usually gainfully employed, and from a financial standpoint, under the existing economic system I think it would be almost impossible to provide in anything like a reasonable way for those people. So if we are to deal with the unemployment problem in such a way as to provide reasonable relief I think we should attack the problem in a more fundamental way than merely by considering the question of unemployment insurance.

I should not like to be misunderstood, Mr. Chairman. I am heartily in favour of unemployment insurance even at this time, but at the same time I think we should look at the problem in a far more practical way than merely the consideration of this one method of dealing with it. I think we should realize that of the hundreds of thousands of people unemployed to-day a great percentage never will be reabsorbed into industry. That being so the question becomes far more important than the provision of a scheme of unemployment insurance. The man or woman out of work cannot possibly contribute to any insurance scheme, and those who are employed only on part time scarcely could be expected to do so. With the federal and provincial exchequers in a depleted condition and with the condition of industry generally it would be almost impossible to provide the vast sums that would be necessary to bring into operation any scheme of unemployment insurance that would be actually sound, so we must look in another direction for ways and means of providing work for those of our people who are unemployed to-day. In my opinion there is only one thing to do, and that is to provide work. I am bitterly opposed to the dole; I detest the very thought that in this country we have a million and a third of our people receiving public relief, and even

that does not tell the whole story. In addition to this vast number there are many others who are receiving private relief, and I venture to assert that if all those in receipt of relief from other than public sources were added to the total I have mentioned we would have about a million and a half people receiving relief to-day. In other words, at least one out of every seven of our population is in receipt of some form of relief.

As I said a moment ago, Mr. Chairman, the logical thing to do is to provide employment. Public works have been ruled out of the picture because they are too expensive. I quite agree, because the amount of work provided by the expenditure of $15,000,000 or $20,000,000 by the federal government would only touch the fringe of the unemployment situation. During the past few years our army of unemployed has been growing greater and greater, and in spite of the optimism displayed by certain hon. members of the house I see no betterment at the present time. When I picked up the paper this morning I found that action was being taken by our railways which will have the effect in the near future of throwing thousands more of our working people out of employment, thus greatly aggravating an already difficult situation. So with all due respect to what has been done by the government in the last few years; with all due respect to those who even at this time advocate unemployment insurance which, at the best, is only a palliative and will not affect a very large proportion of those out of employment, I think if we are to deal with this question at all we must do so from a different angle altogether. The one way I see, and the method I have advocated in this house for a number of years, is to first reduce the number of hours of work so that we may absorb into industry large numbers of those who are now idle. To me that is the first remedy that should be applied. I know I will be told that the question of the hours of labour is under the jurisdiction of our provincial authorities. To a certain extent this may be quite true, but I believe that when the need is so great; when in our large industrial centres throughout the country we have a third of the employable population out of work, we should not balk at the constitution. I believe in having all respect for the constitution, but the need is urgent now, and I think our provincial authorities should be big enough to consider the welfare of the country as a whole and do something fundamental to deal with this ever-increasing problem of unemployment.

We are told that we are faced with conditions such as never have been known in the Dominion of Canada before. That is perfectly true. In common with the rest of the world we are faced with a serious economic crisis, but that crisis is man-made, and such a crisis we should meet ourselves; we ought to be able to overcome it by proper action taken in this house. The vast army of the unemployed in Canada to-day are looking to this parliament for redress, because this is the only body in the country they can look to for some relief. There is nothing more demoralizing to a man than to be out of work and to be without any prospect whatever of obtaining work either immediately or in the near future.

As a first step towards solving the unemployment problem, I suggest that some means must be taken by this house of considerably reducing the hours of labour in industry. But there is something else that must go along with that, because merely to reduce hours of labour and at the same time to reduce wages would leave us in relatively the same position we are in now. The next essential therefore is to provide purchasing power for the masses of the people so that they may consume the goods which they themselves help to produce. At present that purchasing power is lacking and consequently there is no effective demand for the goods which we have in superabundance.

I know that the solution cannot be found by any of the provinces; it would be unfair to ask any of the provinces to take the necessary steps towards a reduction of the hours of labour. There is only one body competent to legislate along that line and that is this honourable house. If we take these two steps which I suggest we shall have a complete change from the present situation in industry. Industry to-day operates not in order to serve the community as a whole but to serve the ends of those who own and control it, and industry must be made to realize that it exists to serve a much higher purpose than that. It must serve the needs of the community. There could be nothing more striking in the way of condemnation of our present industrial system than the spectacle of 800,000 people walking the streets unemployed and without any prospect of obtaining employment, while at the same time our factories are idle, although these very people are ready to start the wheels of industry going. And these people are in want of the very things the factories can turn out if they are given a chance to function.

This problem can be solved only by reducing very considerably the hours of labour, and secondly, by increasing the purchasing power of the great masses of the people. I do not attach much importance to conferences. Some hon. gentlemen who have preceded me have emphasized the last conference and others of the same kind, but personally I must say that I have lost a good deal of faith in any sort of conference, and so have the people. What the people are looking for is action, and they expect this house to take that action. I believe that the government itself is anxious to do something for the unemployed. It would be a splendid thing if the government could see its way clear, by proper action, to reduce the army of unemployed whom it is compelled to maintain, and I suggest that if we are to deal with the problem this government can deal with it in one possible way only, and that is by considerably reducing the hours of labour. If that were done we could absorb men and women into industry and start things going. And secondly, I repeat, we must increase the purchasing power of the masses of the people so that they may be able to obtain in large measure the goods which they themselves produce.

Mr. MITCHELL: I do not agree with some of the observations made this afternoon with regard to unemployment insurance. In my opinion the government could very well set in motion at once the necessary machinery to bring about a system of unemployment insurance in this country. In spite of what has been said to the contrary, I hold that no matter what system we may live under, some scheme of social insurance will sooner or later be found to be absolutely necessary, and the enormous figures quoted with respect to unemployment insurance are, in my opinion, no reason for tardiness in introducing a measure of this description. If such a scheme had been introduced in 1928-29 it would have been necessary to pick out a certain number of specified trades or callings in connection with which the plan could have been tried. That can be done to-day. The same argument that would have been used at that time can be invoked at this moment. I believe it will be necessary for the government to study the systems in operation in other countries in taking the necessary steps towards the introduction of unemployment insurance. What I am most concerned about at the moment is to know whether the federal government had a plan drawn up for the introduction of an unemployment insurance scheme in Canada and whether it submitted that plan to the dominion-provincial conference.

Mr. GORDON: There is no reason why the position of the government should not be made plain with respect to unemployment insurance. The facts were spread upon Hansard by the Prime Minister. A dominion-provincial conference was called because it was obvious that any scheme that might be advanced—not only the schemes that have been proposed since 1930 but those suggested before that time by those who apparently spoke for the late government—must be contributory. That being so, this government is immediately confronted, as every province in the dominion is confronted, with a preliminary barrier to the accomplishment of that purpose.

I do not want to harp on the constitution. I have been told that constitutional questions, in our past political history, if properly manipulated could change even the complexion of governments. I want to avoid that sort of thing, and the government wants to avoid it. At the recent dominion-provincial conference the question of unemployment insurance certainly was discussed; it was discussed primarily to see whether the apparently insuperable barrier to a contributory system could be removed, namely, the question of constitutional difficulties. Because of the fact that the subject matter perhaps would become a matter of great controversy within each province, it was agreed among the provinces that the attitude of each individual province would not be disclosed. Each provincial representative recognized that that barrier must first be overcome if contributory social insurance was to become a fact. That being the case, I can only go so far as to say that this subject was seriously discussed from many angles and that the whole matter is still under consideration by the provinces and by this government. I can assure the committee that if it is possible we will endeavour to introduce a scheme the foundations of which will be laid upon such sure and sound basis, actuarially and otherwise, that it will prevail and not meet with disaster because of hasty action on the part of this government.

Mr. MACKENZIE KING: Is it not a fact that the procedure with respect to any scheme of unemployment insurance is upon all fours with the procedure with respect to old age pensions, and that the question of jurisdiction so far as unemployment insurance is concerned is the same as the question of juris-

diction which arises in connection with old age pensions? Does the minister agree with that?

Mr. GORDON: In part.

Mr. MACKENZIE KING: With what part does the minister not agree?

Mr. GORDON: I cannot agree that the two matters are exactly alike, but in the main the same constitutional questions arise with respect to both.

Mr. MACKENZIE KING: Each is a form of social insurance; the one is insurance against dependence in old age, the other is insurance against unemployment. So far as the relations between the provinces and the dominion are concerned, the same class of question arises and the methods of procedure in bringing about an arrangement between the provinces and the dominion are the same. Broadly speaking, I think that is correct. May I ask the minister if the federal government placed any scheme before the conference or made any suggestion of a plan which it would wish to have considered? This is in contrast to the provinces bringing something to the attention of the federal government.

Mr. GORDON: In answering the first observation made by the right hon. gentleman, may I say that I do not subscribe to the view that these two questions are identical or even nearly so.

Mr. MACKENZIE KING: As to procedure and jurisdiction.

Mr. GORDON: Possibly so. The question of unemployment or social insurance has associated with it many questions which do not arise with respect to old age pensions.

Mr. MACKENZIE KING: The minister seems to identify unemployment insurance with social insurance. That is not my understanding of social insurance. Social insurance is a comprehensive term which includes as one form insurance against unemployment.

Mr. GORDON: I will confine it to unemployment insurance. That subject has associated with it factors which do not appear with respect to old age pensions. There are hours of work, rates of pay, industrial relations and other matters which enter into a contributory form of unemployment insurance. It will be seen that both subjects have their own peculiar difficulty.

In answering the second question asked by the right hon. gentleman, may I repeat that before any scheme could take form, the constitutional barrier would have to be removed. So far as the discussions at the conference are concerned, many forms of insurance and the difficulties which presented themselves in connection therewith were discussed. I think the representatives of the provinces left the conference with a much clearer idea of the difficulties which would have to be surmounted if a plan such as has been discussed in this house and in the press were to be invoked. It was realized that the barrier which confronted the provinces and the dominion must first be removed. This was the first conference to deal directly with a problem of this character and it was not expected that it would be able to solve the problems involved. I am sure the representatives of the provinces carried away with them a realization of the necessity of careful investigation as to how such a plan would work within their respective provinces and the realization that they must decide whether the representatives could commit their respective governments to a nation-wide plan on a contributory basis. I suggest that that is as far as this government could go at such a conference. If we had taken the attitude and said, "Now, provinces, here is our plan and you must accept it," we would have got nowhere.

Mr. MACKENZIE KING: Not "must" but "what do you think of it?"

Mr. GORDON: That is one of the reasons why no hard, fast and rigid plan was laid before the conference. The effort of the conference was directed towards solving the obvious difficulties. There was a full, free and frank discussion of these difficulties in the hope that the subject might be renewed at another time and that we might go forward another step in attaining our ends within a reasonable length of time.

Mr. MACKENZIE KING: The minister states that there was no hard, fast and rigid plan put before the conference, but is it not a fact that no plan at all was put before the conference? They talked about unemployment insurance, but no plan was offered or proposed by the federal government. That was the real position. The minister has said that there should not be undue haste in a matter of this kind and that the government is considering what it might do. Has the government taken any concrete steps to surmount in any way the difficulties to be confronted in dealing with a national scheme? I agree with the minister when he says that a national scheme of unemployment insurance presents more difficulties than a national scheme of old age pensions. Is the government doing anything, and, if so, what is it

doing to get such light upon this subject as will be of service in bringing about a national scheme at an early date?

Mr. GORDON: The government is and has been gathering the necessary information in order that a plan which could meet with the views of the parties interested might be evolved. It will require to be done with extreme care and the government is progressing with that work.

The leader of the opposition suggested that the position was that the government had no plan; that we proposed nothing to the provinces. That is far from being the case. I am not at liberty to disclose the proposals, because it was understood at the opening of the conference, at the suggestion of the provincial representatives themselves, that the difficulties with which they would be confronted with respect to this very subject matter should remain without being published until they had further reviewed them and until further conferences were held, the reason being that to disclose those difficulties and the attitude of various provinces, whether for or against or partially for and partially against, or to publish suggestions coming from them during the course of negotiations, was not calculated to advance the position. That was the attitude assumed by this government and by the provinces, and I do not think anyone can very seriously complain of it, but I can tell the members of the committee that information is being gathered with respect to this very important subject and it is hoped that advance will be made toward bringing into being some kind of legislation that will accomplish the object sought.

Mr. MACKENZIE KING: The minister is coming along slowly. He may find in a little while that in spite of himself he is doing something. He says that the department or the government is gathering information. May I ask him this question: From what sources are they gathering information? What officers of the government are gathering it? What is the nature of the information they are gathering that they do not have already?

Mr. CASGRAIN: We want to know something.

Mr. GORDON: Yes, I think that would not be a bad idea.

Mr. CASGRAIN: Something of what the government is doing, so that we may understand the situation.

Mr. GORDON: The Bureau of Statistics is compiling information; the Department of Insurance and the Department of Labour are giving attention to it. The government itself has under review many phases of the difficulties that accompany the introduction of such legislation.

Mr. GUTHRIE: As the department over which I have at the moment the honour of presiding is and has been for some time looking into this question of unemployment insurance, may I say a word in regard to the matter. The difficulties in the way of a federal system of unemployment insurance are very serious if such a system is to be carried out upon a contributory basis which, I believe, is the only method which would be approved by parliament, that is, contributions by employees, by employers, by the federal treasury and perhaps as well by the provincial treasuries. To inaugurate and carry out a scheme of that kind without provincial consent and without an amendment to the British North America Act would be impossible. Parliament cannot force employers to contribute, nor can it force employees to contribute. These are matters entirely within the jurisdiction of the various provinces, and unless the provinces are willing to surrender some of their rights, their powers, it is impossible without an amendment to the British North America Act to carry out any scheme under the jurisdiction of this parliament. I noticed the leader of the opposition stated in his opening remarks that it would be just as easy to carry out an unemployment insurance scheme as to carry out an old age pension plan.

Mr. MACKENZIE KING: No, I said the very reverse; I said that it would not be as easy to carry out an unemployment insurance scheme.

Mr. GUTHRIE: That is the corrected opinion of my right hon. friend after the Minister of Labour had spoken.

Mr. MACKENZIE KING: No, it is not. With all deference to my hon. friend, if he will look at the record, he will see that I said that the same questions of jurisdiction and methods of procedure arise in each case.

Mr. GUTHRIE: The same questions do not arise. In the old age pension scheme the question was simply this: the federal government will contribute certain money and the provincial governments will contribute certain money. The difficulty was overcome by a dominion act and a provincial act. That was all there was to the matter. This plan of unemployment insurance involves not only

the question of government contribution, but compulsory contributions by employers and employees, which is a matter of purely provincial jurisdiction. I am disclosing no secret when I say that at the conference the provinces were not prepared to give up those rights nor to agree to any amendment to the British North America Act for that purpose. Very serious discussions took place, and while the question was advanced, it certainly was not advanced to the point of agreement, no agreement being reached on the subject. Until we have a solution of these two questions: the power to assess the employer and the power to assess the employee, I do not think there is much hope of a federal unemployment insurance scheme. If we can overcome those difficulties; if we can reach an arrangement upon those two questions, then I think the field is fairly clear and satisfactory legislation can be formulated. But until we have those questions cleared up, I do not think very much advance can be made.

The matter is being considered by a number of departments of this government, notably by the Department of Justice. It is also being considered by a number of provincial governments, I shall not say all of them. The hope is that some satisfactory scheme may be evolved within a reasonable time, but so far the basis has not been struck.

Mr. POWER: May I ask the Minister of Justice, who has just taken his seat and who has put forward the proposition of contributory unemployment insurance as it was put to the provinces, whether it was not the case that the proposition put to them was that they should abandon their claims over insurance generally; that what the federal government asked them to do was to recede from the position which the privy council had granted to them?

Mr. GUTHRIE: Nothing of that kind took place either in my hearing or to my knowledge. This was an entirely different matter from insurance which was very fully discussed.

Mr. POWER: It covers the same question.

Mr. GUTHRIE: No.

Mr. POWER: As I recollect the matter, the privy council delivered the judgment in which it was stated that insurance generally should be under the control of the provinces. Am I right in that?

Mr. GUTHRIE: That the business of insurance, fire, life, marine and accident, is under the jurisdiction of the provinces, but the two subjects were not discussed together; they were in no way involved in relation to each other. The discussion that took place on insurance was separate and distinct from that which took place in regard to unemployment insurance.

Mr. POWER: The question of insurance generally most assuredly covers that of unemployment insurance, and if the provinces, and I think quite rightly, believe that under the British North America Act and as confirmed by the decision of privy council, they and they alone have the right to deal with the business of insurance, it naturally follows that they should reply to the federal government: First of all get your right to deal with unemployment insurance established, and then we shall talk to you.

Mr. GUTHRIE: There is very much to be said in favour of the opinion just expressed by the hon. member for Quebec South. I am inclined to think the question of unemployment insurance is far more a provincial than a federal one, but at the same time it has been, I believe, the sense of this parliament and probably of the country that it would be a good thing to have a federal system of unemployment insurance if we can get one. But if you come down to the fine point, the jurisdiction is within the provinces.

Mr. NEILL: Would the minister allow me to ask this question? As regards the constitutional aspect, he suggests that it might be necessary to amend the British North America Act. Such a course would be complicated and delay the matter. The British Columbia government passed an act, I believe it is chapter 4 of the 1932 statutes, which seems to me to be a parallel case. It is an amendment to the Meat and Canned Foods Act. Passing the act as a sort of concurrent legislation, they took a position something like this, that "If any order in council or regulations have been made by the Dominion government under the Dominion Meat and Canned Foods Act we do hereby also enact them, in so far as they exceed the dominion jurisdiction, and come under our jurisdiction. And if in future they pass any more such regulations we again hereby enact them."

Would not legislation of that kind suffice in dealing with the situation?

Mr. GUTHRIE: If this parliament has not jurisdiction now, no act of any province can confer jurisdiction upon it.

Mr. MACKENZIE KING: May I ask if this is not what actually took place when the conference was held: The Dominion govern-

ment asked the provinces what they had to propose with respect to unemployment insurance, and the reply from the provincial governments was to the effect that they had been invited to the conference by the dominion and would like to know what it had to offer. Did they not say that if the dominion would place a plan before them they would express their views? But no plan was forthcoming from the dominion. That certainly is the current view entertained as to what took place. If it is not correct I wish the minister would say so.

Mr. GORDON: Of course the right hon. leader of the opposition has his views and his powers of deduction, which are most admirable. But I have already said the discussions on this subject were confidential between the provinces and the dominion, and stated to be so by both. I shall just have to reassert that position, and regret to say that in the meantime, until those negotiations have been concluded, the right hon. leader of the opposition, I am afraid, will have to speculate as to what did happen.

Mr. MACKENZIE KING: One other point: May I suggest that when the next conference comes along, if the government is in earnest in its desire to further a national unemployment scheme, it should have a plan to present to the provinces which would indicate on what basis the federal government would participate in an unemployment insurance scheme. There is nothing to prevent that being done. Whatever the Minister of Justice has said about jurisdiction may be taken into consideration, but the test as to whether or not this government is in earnest about any national unemployment scheme will be their presentation to the next conference of some concrete plan about which they can tell this house and country. That will be the test.

Mr. MacINNIS: It seems to me we are giving this point more importance than it actually possesses. We seem to believe that if we have unemployment insurance there will be no further unemployment. I believe the experience of other countries would indicate that that is far from the truth. Since 1911 there has been an unemployment insurance scheme in Great Britain, and to-day unemployment in that country is as great a problem as it is here. True, unemployment insurance is a more scientific way of dealing with the difficulty than the method we are adopting, but it certainly is not a solution. If we had the best possible scheme of unemployment insurance we would still have an unemployment problem to solve.

In the last four sessions, including the special session of 1930, we have been discussing unemployment. When that special session was called the Prime Minister asked for an appropriation similar to the amount mentioned in the amendment to this resolution, such moneys to take care of the situation then obtaining. In that special session he pointed out that a special vote of money was not a solution of the difficulty, but merely a palliative. Again at this time, after the passage of three years, nothing but a palliative is offered. It seems to me that if we are to deal effectively with the unemployment problem we will have to do something of a more permanent character.

The condition with which we are faced is this: Every employing company, every industry, is trying to produce the greatest number of units of commodities with the least possible amount of labour time. With such conditions confronting us it is impossible under the present plan to catch up with the unemployment problem. We cannot do it, and for that reason, while, as the hon. member for North Winnipeg suggested, we might consider unemployment insurance as a means to an end, I suggest we must remember that unemployment insurance is not an end in itself, but that we must have a more fundamental and definite plan to deal with unemployment.

Mr. COOTE: I was deeply interested in the statement made by the minister this afternoon to the effect that information was being gathered from so many departments. However, there is one department he failed to mention which in my view must be brought into the scheme before we can go very far with unemployment insurance. I refer to the Department of Finance. The minister will find that upon introducing an unemployment insurance plan he will have to have money; he must know from where that money will come.

Mr. GORDON: I thought the hon. member would take it for granted that the Department of Finance was deeply interested in any such scheme.

The CHAIRMAN: The committee has been out of order all afternoon.

Mr. COOTE: The minister was quite right this afternoon when he said that when and if we establish an unemployment insurance scheme it must be on a sound actuarial basis. I say that we cannot be on a sound actuarial basis until in Canada we have a sound money system. I do not mean by that the present system, because it is anything but sound. It

is sound, but very little more, to most people. Sound money would be stable money. When stable money is put to work properly it will bring about stable conditions, stable employment and stable purchasing power. When we have such conditions it may be possible to bring in an unemployment insurance scheme which would be actuarially sound. Had an unemployment insurance scheme been introduced and put into operation in 1928 or 1929 I am afraid by this time it would have failed, because there would not have been enough income in the hands of those administering the fund to pay the unemployment insurance. All that goes back to the fact that we have not a sound money system. We should have a money system whereby money issued has some reasonable relation to the amount of goods produced. Under such conditions we would not have all this unemployment. Until we deal with our money system we will have unemployment, and I am afraid we will have more than obtains to-day.

I was glad to hear the Minister of Finance announce yesterday that a royal commission will be appointed to inquire into banking and money. I hope one of the matters with which the commission will be specifically charged to inquire into will be the control of our money system so as to maintain stable employment in Canada. We can produce the goods but we have yet to solve the problem of distribution. That is the reason we have unemployment. I again suggest to the committee that before we can effectively deal with unemployment, we must deal on a scientific basis with the money problem.

Mr. REID: I wish to bring to the attention of the minister the position that many municipalities find themselves in. We agree that governments to-day, both dominion and provincial, are carrying a heavy load in regard to unemployment. But so are the municipalities. I believe I am safe in saying that the municipalities to-day are carrying a heavier load than the provincial or the dominion governments. They are further crippled by the fact that municipalities have not the powers of taxation that the other governments have. In the province of British Columbia the municipalities for many years past have been in receipt of large grants from the provincial government. Now the provincial government, in an endeavour to balance its budget, has intimated to the municipalities that some of these grants will be cut off. A grant which has been given them in connection with the parimutuel and the liquor profits, amounting to some $640,000 is going to be cut off this year. In view of that condition there are three questions that I would like to ask the minister:

In the event of any municipality being unable to carry on financially will the Dominion government contribute a greater proportion than one-third to direct relief?

In the event that it does, will it be on the understanding that the province will bear one-half instead of one-third as at present?

If the province finds itself unable to bear the fifty per cent, or any further burden in connection with the municipalities, will the Dominion government bear a greater proportion, say two-thirds?

I feel sure that many municipalities are going to be seriously crippled by having these grants taken from them this year, so it is very important that these questions be answered. Many municipalities have gone into bankruptcy or receivership already, and many more will do so this year owing to the cutting off of these grants.

Mr. GORDON: The three overlapping questions asked by the hon. member for New Westminster (Mr. Reid) will have to be dealt with when the conditions arise. I do not want to keep reiterating what has been said so many times in recent years as to where the primary responsibility lies for taking care of those unable to take care of themselves. If it comes to pass that individuals are unable to provide for their own needs, and the municipalities and the province of British Columbia find themselves at the end of their resources, then we would have to review the situation at once and with care to see what the difficulties were. But this government does not intend to project itself into an investigation of the municipalities of British Columbia or any other province. If there is danger of the situation developing there that has been suggested, this government, in so far as it can assist, will have to wait and deal with the matter when it arises.

Mr. MITCHELL: I would like to ask this question arising out of the discussion of unemployment insurance. The Minister of Justice has said that the various governments were going to study the question of jurisdiction as between the provinces and the federal government, and that that was the cause of the delay in coming to an agreement. I would like to ask whether any arrangement has been made or any understanding come to for a future conference, with a view to introducing in this house a measure of unemployment insurance on a national basis?

Mr. GUTHRIE: No, we did not get as far as that.

Mr. MITCHELL: Am I to understand then that the thing ended with the conclusion of that conference? Is it left up in the air?

Mr. GUTHRIE: Nothing was agreed to, but the matter is still being considered, not only by this government but, I fancy, by the nine provincial governments.

Mr. MITCHELL: May I ask then if the government has it in mind to call another conference at the conclusion of this session, similar to that held in January, to discuss the possibility of introducing a national unemployment insurance scheme?

Mr. GUTHRIE: I cannot answer that, I do not know.

Mr. MITCHELL: Am I right in saying that the thing then is in the air?

Mr. GUTHRIE: No, it is not in the air.

Mr. LAPOINTE: Where is it?

Mr. MALCOLM: Under the bed.

Mr. LAPOINTE: In the cupboard.

Mr. WEIR (Macdonald): From the discussion last night, which largely centred around the province of Manitoba, I am afraid an inference might be taken from the statement of the Prime Minister that Manitoba has received proportionately to its population more than other provinces as far as relief is concerned. I do not know the facts and I do not propose to deal with that particular phase. But I do submit that there is one class in Manitoba that would hardly agree with that statement. I propose to deal with that point in a moment.

With reference to the closing of the Manitoba savings offices, which was dealt with last night, might I say that had the right hon. Prime Minister made the statement a year ago that he made last night the situation would have been greatly clarified at that time, and he would have escaped being drawn into the discussion in connection with, shall I say, the demands made by the banks, that the province convene its legislature within ten days and repeal a statute. I say, if the Prime Minister had at that time made the statement he made last night, it would have been very much better and would have relieved him of a lot of probably unfair criticism that has developed in the interval. That is all I propose to say in regard to that matter at present.

[Mr. Mitchell.]

The other matter that I wish to discuss at the moment I think is in order in that the minister in introducing this measure dealt with the payment of a bonus of five cents a bushel on wheat. Therefore I wish to discuss the dealings with the Canadian wheat pool.

When the wheat pool first got into difficulty in 1929-30 that year's operations were handled by the provincial government, and that is out of the picture altogether. That was uniform for the three western provinces. The Dominion government came into the picture in the negotiations carried on the next year. The pool started out with its initial payment on a certain basis. Unfortunately the price of wheat declined and the pool was obliged to reduce its initial payment. In southern Manitoba particularly we have two classes of wheat, durum wheat and common wheat. Ordinarily durum wheat sells at a lower price than common wheat, but owing to peculiar conditions in 1930-31 the durum wheat sold at a considerable premium over common wheat. Recognizing that ordinarily durum wheat sells at less than common, the initial payment by the pool on this wheat was less per bushel than on common, but we find at the end of the year that this durum wheat sold consistently at a higher price. The Dominion government came into the picture by subscribing to the appointment of Mr. McFarland as general manager of the Canadian wheat pool. Since January, 1931, he has had virtually complete control of pool operations. Now the wheat was received by the pool on a definite initial payment. Since that time no further payments have been made. In this connection I should like to present the figures indicating the amount of money paid for these two classes of wheat. When the delivery of the crop started the pool made an initial payment, basis Fort William, of 70 cents for No. 1 northern wheat and 64 cents for No. 1 durum. That price was reduced later to 60 cents for No. 1 northern and 54 cents for No. 1 durum; later to 55 cents and 49 cents, and still later to 50 cents and 49 cents. I have here the amount of wheat delivered under these various payments, but I do not think it necessary to place those figures on Hansard; it is sufficient to say that 3,520,675 bushels of durum wheat were received at various prices. Ninety per cent of the durum wheat handled by the pools was grown in Manitoba, and later it was shown that this wheat was practically all sold by the end of the crop year at a price considerably higher than the price on which the

initial payments were made. The average price, in fact, was 67·9 cents per bushel.

The result, Mr. Chairman, is that a considerable amount of money is still due to the growers of durum wheat from the operations of the pool in 1930-31. The general manager, Mr. McFarland, has been approached; the government has been approached and I believe several of the ministers have been interviewed as well. Mr. McFarland has recognized the situation; he thinks it is unjust and unfair but he says he can do nothing in the matter without the consent of the Dominion government. If the durum wheat growers, most of whom live in southern Manitoba, were paid the full amount for which their wheat was sold they would receive roughly $500,000. I am not going to contend at the moment that this money should be paid them immediately; I realize that the whole operation of the wheat pools is involved, but I do contend that it is only fair and reasonable that the growers of durum wheat should be paid on the same basis as the growers of common wheat. If that were done the farmers who grew durum wheat, located mainly in the southern part of Manitoba, would realize about $200,000.

I am bringing this matter to the attention of the committee at this time and simply asking the minister if the government is giving consideration to this question and, if not, whether they will take it into consideration.

Mr. GORDON: I confess that I have not under my hand the details of the matter to which the hon. member has made reference. I do trust that the farmers of Manitoba will get every cent they are entitled to, and the matter will be looked into.

Mr. VALLANCE: Just in support of what the hon. member for Macdonald has said I should like to tell the committee that I am receiving communications almost daily drawing my attention to the position of the farmers who delivered their wheat to the pool, when Mr. McFarland became general manager. As the hon. member stated, we started out with one initial payment; then, because of the position in which wheat found itself some time after the market opened, the pool found it necessary to reduce the initial payment. What is really concerning the minds of the farmers to-day, especially in the portion of Saskatchewan from which I come, is this: They still have some equity in that crop, and many of them need that money to-day in order to start their spring operations. So I would urge upon the minister and the government the necessity of cleaning up this matter just as soon as possible.

Mr. GORDON: Who owes them the money?

Mr. VALLANCE: I think the minister will agree—and if he does not I hope he will correct me—that to-day Mr. McFarland is performing a dual function. He is general manager of the three central selling agencies and he is also acting for the government this year in the stabilization of the market. Undoubtedly the pools are responsible for that payment, but the portion of the money due the farmers is being held somewhere and the farmer wants to know why he is not being paid. Many farmers are in dire need of that money right now and it would be a great convenience to them if it could be paid before spring operations commence.

Mr. WEIR (Macdonald): With respect to the interjection of the minister may I say that so far as durum wheat is concerned, and I am particularly interested in that, there was quite an agitation when the government came into the picture not to allow durum wheat to come under that new arrangement. If this durum wheat had not been disposed of to the pool the farmers would have had a great deal more money than is due them now, and I think that point is important.

While I am on my feet I should like to add one statement. I know it to be a fact that quite a large amount of money has been spent for relief in southern Manitoba, where durum wheat is largely grown, and some time ago I mentioned the damage that had been done by grasshoppers. I think the minister can appreciate that these people are really in need of some extra money in order to start their spring operations. I appreciate the fact that the minister has not had this matter in hand; I think perhaps the Minister of Trade and Commerce has dealt with it and I will discuss it with him when the occasion arises.

Mr. MACKENZIE KING: I have just one further question to ask the minister. We are being asked to vote $20,000,000 for direct relief; in other words, so far as the government has a policy it is a policy of the dole, and in that respect the limit is placed at $20,000,000.

Mr. GORDON: What does the right hon. gentleman mean by the dole? I am not acquainted with it.

Mr. MACKENZIE KING: It is direct relief, simply giving money for relief purposes and not providing work. I distinguish between direct relief, in the form of money given

people who require aid, and money spent in order to return people to the land, putting the landless man on the manless land as someone has said, or the construction of public works or matters of that kind. Under this measure the government is asking for a blank cheque so that, apart from what is required for the purpose of the dole, they will have an unlimited amount available for the relief of unemployment in other ways. The minister has told us that in the last two years, during which the government has had this blank cheque, they have spent or loaned a total of something like $115,000,000. As I pointed out the other day that sum is equivalent to the total expenditure of Canada for one year in the period immediately preceding the war, and I suppose this year the expenditure will be proportionately the same.

I want to ask the minister whether, apart from the dole for the expenditures that may be made under this blank cheque, he has any comprehensive, constructive, coordinated plan which he can announce to this house as that of the ministry for dealing with the question of unemployment relief.

Mr. GORDON: It is so easy for an hon. member to rise in his place and talk about great big coordinated schemes; that word is a very euphonious way of describing almost anything. Let me point out that as far back as the years 1921, 1922 and 1923 and from 1926 on, as revealed in the files of the Department of Labour, the leader of the opposition himself recognized the difficulties that confront any dominion government in this country with respect to taking over the administration of relief for those in distress or those who are unable to look after themselves—difficulties in relation to provincial and dominion jurisdiction respectively. This government will pursue the same course as it has pursued during the past year. That is to say, the moneys will be devoted first to assisting the provinces where they are unable to take care of their own worthy needy people, and will assist the provinces in projecting any schemes or plans which they may conceive or which we may conceive and which will be satisfactory to them or to us, as the case may be, within the financial limits of the provinces and the dominion, to provide employment or to take care by way of direct relief of those who are in need.

What the future has in store for us I am not going to prophesy. I believe that the situation is certainly not getting any worse, in spite of what people say. I know there are certain people who would be gratified indeed to have their own prophecies come true and to see things become worse. There is that sort of mind. There are people who, having prophesied, desire to see their prophecy fulfilled, no matter what hardship may befall anyone.

The Dominion government will not invade the jurisdiction of the provinces. I hazard the opinion that, set up in every municipality in Canada, there is some commission or organization that is taking care of immediate needs and directing the efforts that are being made in this regard. Even when times are normal, when there is no financial distress, when business is as usual, there is not a municipality in this country that has not its indigents, persons who have had some misadventure and cannot get along. These agencies are extended and are working throughout Canada to supply those who are in need during this time.

I assume that the leader of the opposition had in mind a big cooperative national committee which this government should set up to take the place of all these various agencies in the municipalities and the various charitable organizations throughout Canada, and to take over the whole matter as a dominion effort. With that point of view I am not in agreement, not only because of the question of jurisdiction, but because there are many, many associations in Canada to-day, as there have been in the past year, who have devoted their time and money towards the aid and succor of those in distress. One of the reasons for not embarking on such a scheme as is suggested is that, in my view at any rate, these wells of charity will very soon dry up because unfortunately there is ingrained in the human makeup a desire perhaps to shift responsibility.

We will continue to do as we have done in the past year, and in spite of the criticisms that have been made as to the reduction in the amount of money that has been devoted to direct relief, I still say that this government and the provinces and municipalities are to be commended for having introduced system into the giving of direct relief throughout Canada, as well as in view of the fact that the cost, while perhaps the numbers have increased as they always have done in winter months in this country, is very materially reduced.

I hope that with the return of even a little better times and with the attention that is being paid towards sytematizing direct relief, the cost this year will be still less. I do not think any government can successfully ask commendation simply because it has spent huge sums of money on any project without

regard to the efficiency of the organization that is spending the money, and without regard to the beneficial effect of such expenditure. This government, I say, will pursue the same course as it pursued last year, and if eventualities arise where some change in some section of Canada becomes necessary, the government will take such appropriate action as may be deemed desirable.

Mr. MACKENZIE KING: The minister seems to take exception to my words because they suggest a nationwide scheme, and he says he assumes that I had in mind what has been proposed from this side as a national commission that would co-operate with the provinces and municipalities in an endeavour to deal with this great problem of unemployment relief. What I had in mind was what the government announced in the speech from the throne on March 12, 1931, as the policy which it intended to put into effect. On that date the speech from the throne made this announcement:

> The operation of The Unemployment Relief Act, 1930, has proved equally beneficial. While the grant authorized by this act could not immediately have checked unemployment arising from causes of which you have full knowledge, yet its careful administration by my ministers, ably aided by the provincial and municipal governments and the two great railway systems, has resulted in the institution of a nation-wide program of public undertakings, each one a unit in a scheme of national development, which have collectively provided work for the greatest number of men who have ever been employed through the direct efforts of the federal government.

That was the announcement of the government's policy—a great national scheme of development as a means of helping to solve the problem of unemployment—and to-day the minister tells us that to speak of a nationwide scheme is only to try to introduce something that will embarrass the whole situation. I just want to make clear to him that the government did begin by announcing its intention to deal with the problem in a nationwide fashion in order to help to solve the problem, but it has thrown that policy to the winds and the only policy it now has is that of the dole. It is not in a position at the moment to announce anything in the shape of a comprehensive, coordinated, constructive plan of dealing with this great problem.

Mr. GORDON: With reference to the observations of the right hon. gentleman, at the time of which he speaks there was a plan that contemplated the projection and anticipation of public works that were contributed to by this government, by the provinces, by the municipalities and by the railway systems, and which ran into huge figures. The soundness of that plan could perhaps be measured, in a way at least, by the duration of this depression, because it was obvious then, as it is now looking back, that such schemes could not be projected year after year. But it was carried on as the speech from the throne then indicated it would be. In my judgment all that the state—by state I mean the municipalities, the provinces and the dominion—can afford to do is to take care of those who for any cause are unable to take care of themselves. Suggestions have been made that we should build a factory here or a warehouse there, the claim being made that the amount granted to such a project would soon be eaten up in the granting of direct relief where nothing would be left to show for the money expended. The fact is that the money spent upon the erection of a factory, a dock or something else would employ perhaps only fifty or one hundred people upon a wage basis whereas the same money expended in direct relief would provide food, fuel, clothing and shelter to perhaps ten times that number of people and for a longer period of time.

Mr. DUFF: Haileybury wharf.

Mr. GORDON: When we are embarking upon any nation-wide scheme we must of necessity look to the treasuries of the dominion, the provinces and the municipalities. The hon. member for Antigonish-Guysborough (Mr. Duff) has interjected with "Haileybury wharf."

Mr. DUFF: Yes.

Mr. GORDON: I wish the hon. member would get out of the atmosphere surrounding the docks in his own province and come up to my riding to see that little bit of airport breakwater to which he has referred several times. He would then be able to see the number of aeroplanes engaged in the mining industry in the northern sections of Ontario and Quebec. When he sees the service granted to tens of thousands of those engaged in the mining industry I am sure he will commend me for what I have done.

Mr. DUFF: I thought perhaps the minister was admitting his mistake in spending money for no useful purpose.

Mr. GORDON: That dock was built on a strictly relief basis.

Mr. VALLANCE: When a relief commission, say in Saskatchewan, issues a cheque in connection with direct relief is there any indication upon that cheque to show that it

is being expended for direct relief? When a cheque is issued for the payment of material used in the construction of some public work under the relief measures, is there anything upon the cheque to indicate for what purpose it is issued?

Mr. GORDON: I am afraid I have not the information with respect to those details.

Mr. VALLANCE: I will tell the minister my reason for asking these questions. I know of an hon. member who received a cheque which had inscribed diagonally across it the words "Relief No. 1."

Mr. COTNAM: We might all need it after a bit.

Mr. VALLANCE: This member received such a cheque from the relief commission of Saskatchewan.

Mr. GORDON: Is the hon. member sure it was not an indemnity cheque.

Mr. VALLANCE: No, it was not. I received that cheque, and I will tell the committee why I received it. The province of Saskatchewan has been building a number of highways and I had the good fortune to have one built right through my farm.

Mr. POWER: Shame.

Mr. VALLANCE: Certain land was expropriated and settlement was made upon the basis of $30 per acre. Five acres and a fraction were expropriated and I received a cheque from the province of Saskatchewan for $165 and some cents. Written across the face of that cheque were the words "Relief No. 1." I should like to know how many such cheques are included in the expenditure of $115,000,000 for unemployment during the past year.

Mr. GORDON: The Dominion government does not contribute to the expropriation of lands. I have no idea how the good fortune fell upon the hon. member for South Battleford (Mr. Vallance) but I assume that the province of Saskatchewan surveyed the field very carefully and came to the conclusion that the hon. member for South Battleford was entitled to relief No. 1.

Mr. VALLANCE: It is all very well for the minister to make such a glib reply, but the people of Saskatchewan would like to know how much money has been spent in that manner. That particular highway ran for seven or eight miles and the necessary land was expropriated. The whole highway was built with rented equipment and if the matter was probed into I have no doubt it would be found that less than ten per cent of the whole expenditure went for real relief.

Resolution as amended reported, read the second time and concurred in, on division. Mr. Gordon thereupon moved for leave to introduce Bill No. 55, to continue in force the provisions of the Relief Act, 1932, until the 31st of March, 1934.

Motion agreed to, and bill read the first time on division.

On motion of Mr. Gordon, the house adjourned at 5.50 p.m.

Thursday, March 23, 1933

The house met at three o'clock.

UNEMPLOYMENT RELIEF

Mr. GORDON: I desire to lay on the table of the house orders in council passed pursuant to the Relief Act.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PRINCE ALBERT PENITENTIARY WARDEN

Mr. TOTZKE:

1. When was Mr. W. J. McLeod retired as warden of the penitentiary at Prince Albert?
2. Has any department of government sold an electric refrigerator and an electric range to the said Mr. McLeod; if so, when and at what prices?
3. Have any other articles of merchandise been sold to the said Mr. McLeod; if so, what articles, when and at what prices?
4. Is it a general practice of any department of government to sell merchandise to retired employees?

Mr. CAHAN:

1. January 1, 1933.
2. No.
3. No.
4. On several occasions the government contracts supervision committee has sold merchandise to retired employees with the distinct understanding that it was for their own use and not for resale.

COMMERCIAL ATTACHÉ—MEXICO

Mr. BOURASSA:

1. Is Mr. Jose Maria Davila accredited or known to the government as commercial attache of the Republic of Mexico?
2. Is Canada represented in Mexico by any official and under what title?

Mr. CAHAN:

1. Mr. Jose Maria Davila is not accredited or known to the government as commercial attaché of the Republic of Mexico.

2. Canada is represented in Mexico by the Canadian government trade commissioner and the protection of Canadian interests in Mexico, is, diplomatically, in the hands of the British minister.

MILITIA ACCOUNTS OFFICERS

Mr. MACKENZIE (Vancouver):

1. What were the travelling expenses, including transportation by rail and water, of Major E. G. Edwards, district paymaster, M.D. 11, from first of April, 1930, to first of March, 1931?

2. What were the travelling expenses, including transportation by rail and water, of Mr. J. E. Houghton, district accountant, M.D. 11, from first of April 1932, to first of March, 1933?

3. Is it customary to have an official who is not a member of the active militia, and who did not have any overseas service to inspect the books of the non-permanent active militia?

Mr. SUTHERLAND:

1. $71.69.

2. $195.95.

3. Several district accountants who were appointed by the Civil Service Commission and are employees of the Department of Finance carry out such duties at the direction of district officers commanding.

SOREL, QUEBEC, WHARF

On the orders of the day:

Hon. H. A. STEWART (Minister of Public Works): Mr. Speaker, on page 2983 of Hansard of March 14, will be found the record of a question addressed to the Minister of Public Works, which reads as follows:

Hon. P. J. A. Cardin (Richelieu): In view of an item I read this morning in the Montreal Gazette, repeating statements made on many occasions by persons connected with the harbour commission of Montreal regarding the port of Sorel, may I ask the Minister of Public Works (Mr. Stewart) if it is true that the government spent $2,000,000 for building the wharf on which the present privately owned elevator is erected at Sorel, and if in fact that wharf was not in existence many years before the elevator was built?

To which I replied as follows:

As the hon. gentleman gave me no notice of this question I am not prepared to give the answer. I have not the information with me. I suggest it stand as a notice of motion.

I now desire to make a comprehensive statement, which I trust furnishes the information desired by the hon. member.

The construction at Sorel of what is known as the Grand Quai was commenced in 1902. The area involved is 240,000 square feet.

In 1929 improvements were undertaken in this area, including wharf improvements and provision for the construction of a grain elevator. An additional expenditure was then made for elevator foundations on the Grand Quai and for wharfage adjoining the elevator in the Lanctot basin. A fair apportionment of the cost of these improvements chargeable to the elevator would appear to be as follows:

Proportion of cost of original structure 63,000 x $1.13	$ 71,190 00
Cost of land occupied (lot 11) 45,675 sq. ft. at 46 cents	21,010 50
Cost of land occupied (lot 10) 17,325 sq. ft. at 30.5 cents	5,301 45
Cost of foundation	168,724 85
Cost of 225 ft. of improvements— 225 x $245	55,125 00
Trackage area	7,467 20
Total	$ 328,819 00

An order in council, P.C. 609 was passed on April 10, 1929, on the recommendation of the then Minister of Marine and Fisheries (Hon. P. J. A. Cardin) authorizing a lease to the Engineering Projects Limited of Toronto of a site for a grain elevator on the following terms and conditions:

(a) that a twenty-one year lease of the area marked "A" on the plan attached hereto be granted at an annual rental of $6,000. This lease to be renewable for two further like periods at an annual rental of not less than $6,000 to be agreed upon, provided that the government may at the expiration of any 21 year period acquire the elevator at a price to be determined by arbitration.

(b) that the applicants be given a five year option for a lease under terms to be agreed upon of the area marked "B" on the plan attached hereto: and

(c) that the applicants be given a ten year option for a lease under terms to be agreed upon of the area marked "C" on the plan attached hereto.

Area "A" comprises 63,000 sq. ft.
Area "B" comprises 57,680 sq. ft., and
Area "C" comprises 57,680 sq. ft.

This lease was subsequently assigned to the North American Elevators Limited, on April 24, 1929.

The total expenditure for harbour improvements at Sorel since confederation including all construction, dredging and repairs is $2,460,574.42.

REDISTRIBUTION BILL

On the orders of the day:

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, I desire to ask a question of the Prime Minister. Yesterday in giving

an indication of the business before the house he said:

The redistribution bill will be proceeded with, and I think every reasonable effort is being made to expedite the work of that committee, at least that is my advice in that regard.

As I am advised, the representative of the opposition from the province of Quebec on that committee has not yet received any plan or proposal with regard to the province, in fact no work has been done at all as far as the province of Quebec is concerned. As the committee was appointed in November, and we are to-day on the 23rd of March, I would ask the Prime Minister whether he would not see to it that the work is expedited as far as the province of Quebec is concerned.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I will.

Mr. LAPOINTE: Thank you.

WESTERN GRAIN RATES

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, may I ask the Minister of Railways (Mr. Manion) if he will be kind enough to use his influence to compel or induce the railway companies to put into effect the low rate on grain to British Columbia? The agreement is only for a year, and five weeks have gone, and I get letters from British Columbia dated five days ago to say that the rate is not available to them now.

Hon. R. J. MANION (Minister of Railways): The hon. gentleman was good enough to mention this to me this morning, and I made inquiry. I am advised that the rate has been in effect since March 10, and that it is effective until March 9, next year. This statement is given to me by the Board of Railway Commissioners.

Mr. NEILL: This letter is dated the 18th, and they say they can get no rate.

Mr. MANION: I will make further inquiry.

PENSIONERS IN MONTREAL

On the orders of the day:

Mr. E. J. GARLAND (Bow River): I should like to inquire of the government if representations have been received by the Department of Pensions and National Health with regard to alleged conditions of starvation among the underpaid or low rate pensioners in Montreal and with regard to their eviction from their homes. If such representations have been received what action does the government propose to take?

[Mr. Lapointe.]

Hon. MURRAY MacLAREN (Minister of Pensions and National Health): I regret very much that my hon. friend spoke in such a way that I could not catch the full effect of what he was saying. I think perhaps the question had better stand until to-morrow so that I may read it in Hansard, unless the hon. member wishes to repeat his question.

Mr. GARLAND (Bow River): I would prefer to give the minister time to gather the facts, so I will allow the question to stand as notice.

VISITING COMMONWEALTH FORCES

The house resumed from Monday, March 6, consideration in committee of Bill No. 40, respecting visiting forces of His Majesty, and the exercise of command, discipline and attachments of commonwealth forces when serving together—Mr. Bennett—Mr. Hanson (York-Sunbury) in the chair.

Mr. BENNETT: Mr. Chairman, this bill was partly proceeded with at the last sitting, during which the right hon. leader of the opposition raised certain questions which I indicated I would investigate in order to be in a position to answer at the next sitting. I have discussed these questions with the legal adviser of the Department of External Affairs in the interval. The only copy of the British bill in our possession is the one in the files, which I will now hand to the right hon. gentleman so that he may look it over. My information is that this bill has been passed, and that a bill in similar terms has been passed in South Africa as well. I observe from the debates in the British house that Sir Boyd Merriman, solicitor general, declined to make certain changes suggested because he said the bill had been agreed upon and had been enacted already in South Africa. In the House of Lords certain objections were taken as to the effect of the legislation being to deprive the British courts of jurisdiction which they had always asserted, but the House of Lords did not feel disposed to make the amendment suggested, and it stands in the form in which it appears in this bill.

I think the observations made by the right hon. gentleman the other day as to the preamble are not wholly without some merit, and in order that there may be no misapprehension I propose to move in amendment that the title be struck out and that the title of the bill be:

An act to make provision with respect to forces of His Majesty from other parts of the British commonwealth or from a colony when visiting the Dominion of Canada; and with respect to the exercise of command and

discipline when forces of His Majesty from different parts of the commonwealth are serving together; and with respect to the attachment of members of one such force to another such force, and with respect to deserters from such forces.

I propose that this be made the long title of the bill, there being a short title within the statute itself, and that the preamble be eliminated.

Mr. LAPOINTE: What will be the short title?

Mr. BENNETT: The short title is contained in section 1 of the bill; The Visiting Forces (British Commonwealth) Act, 1933. I think that meets the difficulty in that regard. Perhaps I might refer to the objections which were taken before we go on to consider them in detail. I think the objection taken as to the minister being the authority to take action is well founded; I believe that in a country such as this it is desirable that the governor in council rather than the minister should assume the responsibility, so I propose to move an amendment in that sense to the various sections of the bill in which the word occurs. Of course the next amendment that would take place would insert the words "His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada enacts as follows:"

Mr. LAPOINTE: I am sorry I was not here when the matter was discussed previously, but would the Prime Minister say whether there is any change in the situation as it previously existed except that instead of being governed by an Imperial statute the matter will be dealt with by a Canadian statute? Will it be the same thing in effect as a result of this legislation or are there changes in the situation?

Mr. BENNETT: There are a few minor changes, with respect to visiting forces, dealing with points that were not adequately covered by any existing legislation, but the general principles of discipline, which as the hon. gentleman knows the provisions of the Army Act extended to every part of the empire, are adopted. This bill makes no change except that it makes clear beyond peradventure that the courts of this country would be the courts to which application for habeas corpus would be made in the event of any action being taken in consequence of a military decision. That position was challenged in the House of Lords, as I have said, and a discussion took place between Lord Hailsham, Lord Buckmaster and others, but in the end the section stood in the form in which it now appears.

There is one other matter to which I think attention should be directed. It was thought by the right hon. leader of the opposition the other day that possibly the last section effected some change in existing conditions. That is not intended, and I think in fact no change has been made. It became clear that the provisions of the act of 1911, which was passed by the Imperial parliament after the 1911 conference in connection with the government of naval forces, extended to every part of the empire, but of course it is competent for the parliament of any dominion to enact its own code. Until that is done, however, this act saves that power and makes it clear that there is no interference with the provisions of the statute as it stands.

I think those were the points to which attention was directed, and I would make the motion as to the cutting out of the preamble and making it part of the title of the bill, rather than an operative part of the act.

The CHAIRMAN (Mr. Hanson, York-Sunbury): I would direct the right hon. gentleman's attention to rule 76, which provides that any change in the title of a bill must be taken up last.

Mr. BENNETT: I know, but this merely substitutes the preamble for the title.

Mr. MACKENZIE KING: I cannot see just what difference the change is going to make in the actual effect of the bill. It seems to me that all the Prime Minister is doing is to give the bill the preamble as a name, and strike out the preamble.

Mr. BENNETT: That is all.

Mr. MACKENZIE KING: So that we are really not changing the provisions in any particular.

Mr. BENNETT: But the effect is considerable.

Mr. MACKENZIE KING: I want to make it clear that as to the actual provisions of the bill they will not be affected one way or the other.

Mr. BENNETT: No.

Mr. MACKENZIE KING: The Prime Minister has indicated that he thinks it would be advisable to substitute "the governor in council" for "the Minister of Defence" with respect to certain powers given particularly, I believe, under section 6 of the bill. As I previously said, I believe that is a desirable change and I am glad the Prime Minister is of that view.

Mr. BENNETT: It is subsection 2 of section 6.

Mr. MACKENZIE KING: Yes. May I return now to the point I raised at the outset, which in effect was this. I gathered at the time the bill was introduced that the Prime Minister was of the opinion that it related solely to forces from other parts of the empire visiting Canada, and what should be done with respect to command and control while they were here. I pointed out at the time that I believed the bill went further and that it had relation as well to forces from Canada which might be in Great Britain and might be sought for service together with the forces of Great Britain or those of other parts of the empire, at a time of war; in other words, that the measure was a war as well as a peace measure. I still entertain that view. The difference at the moment is that whereas under the act as it now reads the Minister of National Defence in Canada would have power to place certain forces under a single command in Great Britain, if he so desired, that power, when the Prime Minister's amendment is accepted, will reside in the governor in council. I still think there is some slight risk being run in leaving that power even with the governor in council unless it is very clearly understood that the policy with respect to having forces of Canada serve abroad will be that they shall be placed for service abroad only after this parliament has sanctioned their going abroad for the purpose of service. There is nothing in the law as it stands to-day which says that parliament must be convened in the first instance, but I think the Prime Minister made it clear that so far as he is concerned he would feel that parliament should be called in the first instance. There is nothing in this legislation, however, to necessitate that.

May I point out by way of a concrete instance exactly what I have in mind. In 1922 the government of this country was asked by the British government whether we would send a contingent to participate with the British forces in the near east in an effort to withstand aggression of the Turks upon Europe. The Liberal government of the day took the view that parliament should be called in the first instance and that its consent would have to be obtained before any forces should be permitted to go abroad to serve in conjunction with other military forces. We were criticized in some quarters for taking that view. We were told that instead of replying that parliament should be called in the first instance and give its consent, we should have said "Ready, aye, ready" and placed our forces immediately at the disposition of the British government along with other British forces. If that "Ready, aye, ready" view were accepted there would be power under the legislation we are now enacting for the governor in council to place Canadian forces at the disposition of His Majesty's government in Great Britain and under a single command in Great Britain before the parliament of Canada might have any say in the matter at all.

That is the feature which I wished if possible to guard against, and to guard against in this legislation. There is apparently no difference of view between the Prime Minister and myself as to the desirability of calling parliament in the first instance, but I think it would strengthen the position with relation to subsequent parliaments if we made quite clear that parliament itself should decide in the first instance upon the disposition of Canadian forces, where that involves their being placed under single command for service in other parts of the empire or of the world.

Mr. BENNETT: I asked the legal adviser of the Department of External Affairs, without reference to myself, to prepare a statement of what he conceived to be the correct position of the matter from the point of view of a lawyer, after he had looked through the discussion at the last sitting, and perhaps the right hon. gentleman will let me read these words:

> Mr. King was evidently under the impression that this clause enabled the Minister of National Defence to send a detachment from Canada in case of war, without the authority either of council or of parliament. The object of the clause is solely to make possible the interchange of officers and other ranks that has been the practice for many years. Legally, it would not authorize the sending of a detachment, and it would not authorize the sending of individuals to become a detachment or unit after they had gone to the other part of the commonwealth. The object of the clause, together with the following subsection is to enable an officer from the United Kingdom, when on temporary service in Canada, to carry on his duties. Without this section, it would be necessary to recommission him; otherwise, if he gave an order to a subordinate officer or other rank, there would be no legal obligation to obey the order.

It is quite clear that you would have to send a number of individuals, sufficient to constitute a detachment to be attached to the force abroad, to meet the case which the right hon. gentleman suggests. This statute is prepared for one purpose and one purpose only; that is, to enable individuals that are

attached to the forces of the United Kingdom or of one of the other dominions to be properly governed without being re-commissioned. That was the understanding I had of the matter, but I felt there might be some doubt and I asked for a memorandum. I make this statement to the right hon. gentleman as frankly as possible because the legal adviser was of the opinion that it would not be possible for them to become a detachment after they had gone. He says:

> It would not authorize the sending of individuals to become a detachment or unit after they had gone to the other part of the commonwealth.

Further, he makes this statement:

> In one sense it is true to say that the provision would govern war conditions. When forces are cooperating in time of war, it is necessary to make temporary attachments occasionally. For example, I remember when I was serving in France, an English officer was attached for instructional purposes to our battery. Without such a provision, it would be legally impossible for an officer in his position to carry on during his temporary period of attachment.

I think that is reasonably clear. If the statute were one not agreed upon there might be some reason why the language might be clarified, were there any doubt about it. But I put this to the right hon. gentleman. It is quite clear that under no circumstances, as the law now stands, could we dispatch from this country any substantial number of men if we desired to do so because, as I have said, the statute now calls for parliament to meet in fifteen days after the country is at war, and I certainly agree that it would be impossible to send from this country any substantial number of troops under the appropriations as we now have them, without a governor general's warrant; and I cannot conceive of a government asking for a warrant and calling parliament together, as it must, within fifteen days from the date of hostilities or declaration of war. So that I do not think there is the slightest danger of any difficulty arising from the passing of this statute or in connection with its provisions. But in view of our commitments in 1929, followed by the resolutions of 1930 and the agreement arrived at with respect to the statute in the present form, I can only say that in my opinion we are in honour bound to enact the measure as they have done in South Africa and the United Kingdom. If there is the slightest likelihood of any difficulty, such as that to which the right hon. genleman has alluded, we can take the appropriate steps to provide against it. I would hesitate to accept the responsibility of making any substantial amendment to what has been agreed upon. The reasons are so apparent that it is almost unnecessary to state them. Sir Boyd Merriman made it clear in the British House of Commons that he could not take the responsibility of making an amendment to what had been agreed upon and enacted by one of the commonwealth parliaments, namely, that of South Africa. I regret that there is not a copy of the South African bill available. The only bill I have is the one I have just handed to the right hon. gentleman which is similar in terms, subject to the changes which had to be made as compared with the provisions governing the United Kingdom.

Mr. MACKENZIE KING: What the Prime Minister has said serves to meet in large part what I have in mind. I have no desire to embarrass the administration with respect to any obligation they may have with any other government of the empire, but I do want to safeguard against any unforeseen contingency which may arise sometime hence. I have in mind the Chanak incident which arose in 1922 when New Zealand and Australia were asked if they would place their naval services at the disposition of the empire in the near east. Before we in Canada even received the invitation from the government of Great Britain to participate in that particular matter, it was announced that the governments of New Zealand and Australia, either or both, I don't remember which, had placed their naval services at the disposition of the British government. Had we agreed to do the same, who can say what might have resulted? Canada's action steadied the situation. My feeling is that under this legislation power will be vested in the governor in council to place, for example, our naval services at the disposition of the British government and that for sometime before parliament can meet. It might well be that a regiment such as the Princess Patricia Canadian Light Infantry could be dispatched and sent overseas to be placed under a single command in Britain or in some other part of the empire before parliament could meet. From what the Prime Minister has said and from the legal opinion he has quoted, I know that such is not the object of this legislation, but nevertheless, this statute might provide the means whereby at some future time in a moment of excitement an object of that kind could be served. Having brought out this point, and having received such an emphatic and clear declaration from the Prime Minister as to the purpose of the bill, I need, perhaps, not say anything further.

Mr. BENNETT: In view of the observations made by the right hon. gentleman,

perhaps it might be desirable after the enactment of this legislation that I should communicate through the appropriate channels with the authorities in the other commonwealths and suggest that we desire to add to our bill at another session the following words:

Nothing in this bill contained shall be taken or construed as authorizing the dispatch of any forces from Canada in time of war otherwise than is provided by the laws of the dominion.

If the hon. gentleman thinks it desirable, I shall be glad to take up the matter with the proper authorities.

Mr. MACKENZIE KING: I think it would be most proper if the right hon. gentleman would do that and though it would not alter the provisions of the act, having in mind what he has said apart therefrom, I thank him for making the suggestion. I am sure it will meet with approval from all sides.

The CHAIRMAN (Mr. Hanson, York-Sunbury): I desire to call the attention of the committee to the fact that sections 1, 3, 4, 5 and 7 have been passed. We are now on section 2.

On section 2—Definitions.

Sir EUGENE FISET: I would direct the attention of the Prime Minister to the words "order in council" which appears in his bill. This is more or less of a military bill and I think the words "general order" should be used. In every other bill of a military character the words "general order" are used instead of "order in council," both having the same force.

Mr. BENNETT: I quite appreciate the point raised by the hon. gentleman but this is a civilian bill. The governor in council, that is, the government of the day, is the authority and the bill refers to a civil order in council and not a general order by the military arm of government. While I am on my feet I think I should say to the right hon. gentleman that the rules of government with respect to naval and military forces are entirely different. He will recall the provisions of the Imperial statute of 1911 which, until we have formulated our own regulations, makes entirely different the government of the naval and military arms.

Section agreed to.

On section 6—Application of section.

Mr. BENNETT: I should like to move that subsection 2 of section 6 be amended by striking out all the words after the word "the" in the first line of the subsection and substituting therefor the words "governor in council."

Amendment agreed to.

Mr. BENNETT: I should like to move that subsection 5 of section 6 be amended by striking out the words "Minister of National Defence" in the fourth line of the subsection and substituting therefor the words "governor in council."

Sir EUGENE FISET: That is the paragraph I had in mind. I think the words "general order" should appear instead of "order in council."

Mr. BENNETT: Under this section we are taking power away from the Minister of National Defence and putting it in the hands of the governor in council.

Amendment agreed to.

Mr. MACKENZIE KING: Do the words "may be prescribed by regulations made by His Majesty" mean His Majesty as advised by the government of Great Britain, by the government of Canada or by the government in the part of the empire in which the forces may be?

Mr. BENNETT: That means His Majesty's government in the dominion that may be affected. I felt fairly certain about it the other evening, but I consulted the authorities and it seems to be quite clear. Perhaps I will state it again: As His Majesty's advisers in several dominions are affected, they must agree in order that any action may be taken. Hence it is not His Majesty in Canada or in Australia, but His Majesty who is common sovereign of all the commonwealths affected.

Section as amended agreed to.

Mr. BENNETT: Section 8 has not yet been passed.

On section 8—Saving for other enactments.

Mr. MACKENZIE KING: What is the meaning of the words:

Shall be deemed to be in addition to and not in derogation of such of the provisions of any act.

Mr. BENNETT: The other day I endeavoured to explain that the statute of 1911 passed by the Imperial parliament, which was a statute with respect to the navies of all the commonwealths, agreed to after the Imperial conference of that year, lays down certain rules for the government of those navies. This measure may be taken to modify to some extent that statute and the rules under it, so that it is to be taken in addition to

that statute and not in derogation of anything therein contained, that is contained in the act of 1911.

With respect to the point raised by the hon. member for Rimouski, I desire to point out that the memorandum which I secured from the legal advisers of the department, and which is in accordance with my view with respect to the matter, reads as follows:

With regard to the suggestion concerning the use of the term "His Majesty" in clause (b) and in subsection (5), it is necessary to point out that, as a result of the resolutions of the Imperial conference in 1926, His Majesty will not act in a matter that concerns Canada, without the advice of his Canadian ministers. This matter concerns two or more parts of the British Empire, and the section compels the cooperating governments to agree in the advice given to the crown for the purpose of appointing the commander.

Therefore it is His Majesty as the common sovereign of all.

Sir EUGENE FISET: The only reason I called attention to the matter is that the Prime Minister has used those words at the end of section 2, paragraph (h): "His Majesty's government in Canada."

Mr. BENNETT: Of course it is His Majesty's government in Canada in that instance, but in the other it is the co-ordinating governments that are concerned; that is the government of the country to which the visitors came as well as the government of the country from which they had gone. His Majesty must act with the united advice of his advisers from both countries, so that you have a double check as to the question of there being unanimity of opinion as to any action that thus may be taken.

Sir EUGENE FISET: I thought it was an error.

Mr. BENNETT: No.

Section agreed to.

Mr. BENNETT: It will be necessary to revert to the preamble.

The CHAIRMAN (Mr. Hanson, York-Sunbury): There is an amendment that the bill be amended by striking out the long title thereof and substituting therefor the part which is the preamble to the present bill.

Mr. BENNETT: The reason that was done was rather because of the suggestion made by the right hon. gentleman opposite. His colleague sitting beside him will at once inform him that as a matter of law there is a difference between putting certain words into the title and having them in the preamble of the bill. We are taking them out of the preamble, lest they be taken to have some force of enactment, and making them part of the title of the bill.

Amendment agreed to.

Mr. BENNETT: There is the further amendment by striking out the words of the preamble of the said bill and substituting therefor the following:

His Majesty, by and with the advice and consent of the Senate and House of Commons, enacts as follows:

Amendment agreed to.

Preamble as amended agreed to.

Bill as amended reported.

Mr. SPEAKER: When shall said bill be read the third time?

Mr. MACKENZIE KING: I do not expect to have to object in any way to the third reading, but I should like before third reading to look over this British act.

Mr. SPEAKER: Next sitting of the house.

EXCHEQUER COURT ACT

JURISDICTION RESPECTING VISITING COMMONWEALTH FORCES

Hon. HUGH GUTHRIE (Minister of Justice) moved the third reading of Bill No. 44, to amend the Exchequer Court Act (exclusive jurisdiction).

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

UNEMPLOYMENT AND FARM RELIEF

CONTINUATION FOR ONE YEAR OF PROVISIONS OF RELIEF ACT, 1932

Hon. W. A. GORDON (Minister of Labour) moved the second reading of Bill No. 55, respecting relief measures.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, the house has discussed the provisions of this measure at such length on the resolution that preceded it that I shall not take up more than a few minutes in restating our position with respect to the principle involved as we are considering it on the second reading. In a word, we are opposed to the measure now before us because in our opinion it is the negation of government by parliament. It is that in its two outstanding particulars. In the first place, it gives to the administration a blank cheque, the right to draw out of the consolidated fund of Canada unlimited amounts of money for any purpose whatever so long as the purpose may be said to be that of assisting in the relief of unemployment. As to how widely that power may be used, we

had evidence yesterday after the speech of the Minister of Finance (Mr. Rhodes) in listening to the interpretation placed by the administration upon the provisions of this bill in reference thereto. In introducing his budget, the Minister of Finance stated that there was to be created a stabilization fund in connection with certain agricultural products. It really is in the nature of a provision to subsidize the export of certain commodities from Canada to Great Britain. One would have felt that if such were the policy of the administration, the government, proceeding in the regular manner, would have brought in a bill for that purpose and made provision therefor, but we were told that the provision for that particular purpose was to be found in moneys that were being voted for purposes of unemployment relief. That certainly is not in accordance with parliamentary practice, nor is it constitutionally right. I do not see how we can approve the principle of a measure which permits a government to go that length. If a step of that kind can be taken with respect to subsidies, in matters of trade, it can be taken for almost any purpose for which the government may wish to use it. It will be seen that in such cases there is no control by parliament in any way over expenditure.

It has been shown also that when the government had this power before, it placed orders for a million and some odd dollars worth of railway ties which were not required by the railways, and that this amount was charged up to the relief of the unemployed, although as a matter of fact the unemployed came in for a very small proportion of the money spent in that way. To give to the government that unlimited power in the use of public moneys is simply to help create debts which it will take years and years for this country to meet. I think people have discovered by the proposals brought down in yesterday's budget that they are going to have to pay pretty heavily for expenditures being made at this time. The increased taxes are going to hit the average citizen throughout Canada fairly hard. That is something which the people at the moment are feeling very keenly. But they should realize that every time this parliament parts with its control over expenditures and gives the government the right to draw whatever moneys it pleases out of the exchequer on blanket authority, they are only helping to place a greater burden upon themselves with respect to taxation. In our desire to limit taxation as much as possible, we feel that we should very strongly maintain the control which ordinary parliamentary procedure would

[Mr. Mackenzie King.]

demand in these matters, and oppose whatever destroys that control.

In saying what I do may I again make perfectly clear that we on this side are prepared, as we have been all along, to vote for purposes of unemployment relief whatever moneys the ministry may decide to be necessary, so long as those amounts are named, their purposes specified and some substantial reason for what is proposed given to the house. So our objection to the second reading is in no way based on a desire not to do all that may be possible to cooperate with the government in a regular manner in providing what funds may be necessary for unemployment relief.

Our second objection to the measure, and it is one that has arisen since the resolution was originally introduced, comes out of the amendment made when the resolution was before the house in committee, the amendment giving to the government of the day power by order in council to legislate with respect to peace, order and good government. As has been stated over and over again, an authority as broad as that enables the government to legislate simply by act of the governor in council on almost anything at all upon which it may wish to legislate. When the British North America Act was passed, the power to legislate was placed not in the executive nor in the judiciary, but in parliament as represented by this House of Commons and the Senate and His Majesty's representative in this country, and we cannot for one minute countenance the transference of that power from parliament to the governor in council as is proposed to be done under this measure.

May I add that, in the light of the discussion that has taken place on the measure, there is a further reason why we should not countenance it. It has been stated from this side, and I think hon. members of the house as a whole believe, that the government has under the statutes as they exist to-day all the power that it needs to deal with any situation that may arise. The provisions in this bill itself are very broad. They give to the government all the power that is needed certainly to deal with any questions of unemployment; they give all the power that is necessary to deal with any emergency in the nature of a financial crisis or panic, or even an insurrection, and that being so we see no reason why the government should seek this further authority of the right to enact notwithstanding all existing legislation, whatever measures it pleases by order in council so long as that legislation may be designated

as coming under the heading of peace, order and good government.

Objecting to the measure on both those scores, the blank cheque, on the one hand, and the blanket authority to legislate, on the other, we feel that this measure, as I have said, is the negation of government by parliament, and as such we are strongly opposed to the second reading of the bill.

The house divided on the motion (Mr. Gordon) which was agreed to on the following division:

YEAS

Messrs:

Anderson (Toronto-High Park),
Arsenault,
Arthurs,
Baker,
Barber,
Baribeau,
Beaubier,
Belec,
Bell (St. Antoine),
Bell (St. John-Albert),
Bennett,
Beynon,
Bourgeois,
Bowen,
Boyes.
Burns,
Bury,
Cahan,
Cantley,
Chaplin,
Charters,
Coote,
Cotnam,
Cowan (Port Arthur-Thunder Bay),
Cowan (Long Lake),
Davies,
Dickie,
Dorion,
Dupré,
Duranleau,
Edwards,
Ernst,
Esling,
Fortin,
Fraser (Cariboo),
Ganong,
Gardiner,
Garland (Carleton),
Gobeil,
Gordon,
Guthrie,
Hanson (York-Sunbury),
Harris,
Hay,
Irvine,
Johnstone,
Jones,
Kennedy (Peace River),
Kennedy (Winnipeg South Centre),
Laflèche,
Lennox,
Loucks,
Luchkovich,
MacDonald (South Cape Breton),
Macdonald (Kings),
Macdougall,
MacLaren,
McDade,
McGibbon,
McGillis,
McGregor,
McLure,
Maloney,
Manion,
Matthews,
Moore (Chateauguay-Huntingdon),
Morand,
Mullins,
Murphy,
Myers,
Neill,
Nicholson,
Peck,
Perley (Qu'Appelle),
Pickel,
Plunkett,
Porteous,
Price,
Quinn,
Rinfret,
Robinson,
Rogers,
Ross,
Ryerson,
Sauvé,
Senn,
Shaver,
Simpson (North Simcoe),
Simpson (West Algoma),
Smith (Victoria-Carleton),
Smith (Cumberland),
Spankie,
Speakman,
Spencer,
Sproule,
Stanley,
Stevens,
Stewart (Leeds),
Stewart (Lethbridge),
Stinson,
Stirling,
Stitt (Nelson),
Stitt (Selkirk),
Sutherland,
Swanston,
Tétreault,
Thompson (Lanark),
Tummon,
Turnbull,
Weese,
White (London),
White (Mount Royal),
Willis,
Wilson,
Wright.—115.

NAYS

Messrs:

Ahearn,
Beaubien,
Bertrand,
Blair,
Bradette,
Brown,
Butcher,
Cardin,
Casgrain,
Chevrier,
Denis,
Desrochers,
Donnelly,
Dubois,
Duff,
Dupuis,
Elliott,
Euler,
Fafard,
Ferland,
Fiset, Sir Eugène,
Fraser (Northumberland, O.),
Gershaw,
Girouard,
Golding,
Goulet,
Hall,
Heaps,
Howden,
Hurtubise,
Ilsley,
Jacobs,
King, Mackenzie,
Lapointe,
MacInnis,
MacLean.
Macphail, Miss,
McIntosh,
McKenzie (Assiniboia),
McPhee,
Malcolm,
Mitchell,
Moore (Ontario),
Munn,
Parent,
Pouliot,
Power,
Raymond,
Reid,
Roberge,
Sanderson,
Séguin,
Stewart (West Edmonton),
Taylor,
Totzke,
Urquhart,
Vallance,
Veniot,
Verville,
Weir (Macdonald),
Woodsworth,
Young.—62.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Anderson (Halton),
Barrette,
Bell (Hamilton),
Black (Halifax),
Bowman,
Casselman,
Duguay,
Embury,
Geary,
Gagnon,
Gott,
Hackett,
Laurin,
Larue,
Lawson,
MacMillan,
MacNicol,
Perley, Sir George,
Pettit,
Rhodes,
Rowe,
Ryckman,
Short,
Smoke,
Spence,
Spotton,
Sullivan,
Thompson (Simcoe),
Weir (Melfort),
Factor,
Rhéaume,
Mercier (St. Henri),
Dubuc,
Hanson (Skeena),
Howard,
Dumaine,
Bothwell,
Mercier (Laurier-Outremont),
Boulanger,
Rutherford,
Perras,
Fontaine,
Thauvette,
Gray,
Mackenzie (Vancouver),
Deslauriers,
Marcil,
Bouchard,
Ralston,
Lacroix,
St-Père,
Heenan,
Cayley,
Hanbury,
Hepburn,
Brasset,
Jean,
Motherwell.

Mr. SMOKE: I was paired with the hon. member for South Oxford (Mr. Cayley). Had I voted, I would have voted for the second reading.

Mr. SHORT: I was paired with the hon. member for Kenora-Rainy River (Mr. Heenan). Had I voted, I would have voted for the second reading.

Mr. GAGNON: I was paired with the hon. member for Bellechasse (Mr. Boulanger). Had I voted, I would have voted for the second reading.

Mr. ANDERSON (Halton): I was paired with the hon. member for Toronto West Centre (Mr. Factor). Had I voted, I would have voted for the second reading.

Mr. GOTT: I was paired with the hon. member for Kent, Ontario (Mr. Rutherford). Had I voted, I would have voted for the second reading.

Mr. SPOTTON: I was paired with the hon. member for West Elgin (Mr. Hepburn). Had I voted, I would have voted for the second reading.

Mr. ROWE: I was paired with the hon. member for Beauce (Mr. Lacroix). Had I voted, I would have voted for the second reading.

Mr. EMBURY: I was paired with the hon. member for Swift Current (Mr. Bothwell). Had I voted, I would have voted for the second reading.

Mr. PETTIT: I was paired with the hon. member for Kamouraska (Mr. Bouchard). Had I voted, I would have voted for the second reading.

Mr. MACKENZIE (Vancouver): I was paired with the hon. member for Saskatoon (Mr. MacMillan). Had I voted, I would have voted against the second reading.

Mr. MARCIL: I was paired with the hon. member for Argenteuil (Sir George Perley). Had I voted, I would have voted against the second reading.

Mr. HOWARD: I was paired with the hon. member for Grenville-Dundas (Mr. Casselman). Had I voted, I would have voted against the second reading.

Mr. PERRAS: I was paired with the hon. member for Stanstead (Mr. Hackett). Had I voted, I would have voted against the second reading.

Mr. BRASSET: I was paired with the hon. member for St. Ann (Mr. Sullivan). Had I voted, I would have voted against the second reading.

[Mr. Mackenzie King.]

Mr. JEAN: I was paired with the hon. member for East Simcoe (Mr. Thompson). Had I voted, I would have voted against the second reading.

Mr. HANSON (Skeena): I was paired with the hon. member for Dauphin (Mr. Bowman). Had I voted, I would have voted against the second reading.

Mr. THAUVETTE (Translation): I was paired with the hon. member for Matane (Mr. Larue). Had I voted, I would have voted against the second reading.

Mr. RHEAUME (Translation): I was paired with the hon. member for Berthier-Maskinongé (Mr. Barrette). Had I voted, I would have voted against the second reading.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Gagnon in the chair.

On section 1—Short title.

Mr. POULIOT: The hon. Minister of Labour (Mr. Gordon) professed to be surprised the other day about certain facts that I submitted to the house. I quoted opinions expressed by His Excellency Monseigneur Ross, Bishop of Gaspé, by His Excellency Monseigneur Lapointe, honorary vicar-general of Chicoutimi, and by leaders of the church and state. What I said was what has also been said by many people. They were humble suggestions offered to the house and to the country with regard to colonization. The hon. gentleman told me that I had made an impeachment against my own province, the province of Quebec, which I love, and my hon. friend from Bellechasse (Mr. Boulanger) asked me for more details. I have given ample notice and warning of what I intend to do. I did so on March 2 when I spoke of generalities. I did so last Monday, going a little more thoroughly into the matter, but to-day at the request of the Minister of Labour and my hon. friend from Bellechasse I will give more precise details. I will ask my hon. friend the Minister of Labour to listen to what I am going to say, and I am very sorry that the hon. Minister of Pensions and National Health (Mr. MacLaren) is not in the house at the present time. I will tell you something about la Rivière Solitaire—and mark you, Mr. Chairman, I am not speaking against my own province, I am speaking on behalf of my own province and on behalf of my own fellow citizens who are there in the midst of the wilderness and whom I wish to defend in this house. I do not care about the insinu-

ations that may be made against me concerning it by any one in this house.

This week there appeared in Le Devoir, of Montreal, an article signed by Mr. Rioux, the president of the Catholic Union of Farmers of the province of Quebec, mentioning the fact that the Rivière Solitaire is twenty miles from the railway. And may I take this opportunity to thank the press of my country, and all the dailies and weeklies, especially the great and well-known daily of Montreal, La Presse, which published an excellent three column report of my speech of Monday last. The attention of the public should be drawn to a subject which is of the utmost importance for all this country. My hon. friend the Minister of Labour should know more about Rivière Solitaire because it is hundreds of miles from Rivière du Loup but only about eighty miles northeast of Haileybury. It is on the Perrault highway, a good road in the summer time but in winter time inaccessible. Since September last 2,800 settlers, I mean men, women and children, have been living there. Some have settled along the highways; others are some distance from the highways with no roads leading to their camps. They must travel over stumps and through the trees and bush, and many of those people have no means of locomotion. They receive $600 in all, $200 from the federal government, $200 from the provincial government and $200 from the municipality. In most cases that amount has been nearly all spent for travelling expenses and for the construction of camps and so on; almost nothing is left now. These people are wondering how they are to live when this $600 is all gone.

These families are about twenty miles from Rouyn. In that town there are some doctors who are employed by the mining companies, but in this settlement there is no doctor and only one nurse, a young woman. She is full of heroism and devotion to the people; she looks after them as best she can in that vast area. It is very hard there for a young woman; in the winter time she has to travel in a covered wagon in which there is a stove, and she must go many miles in order to help those who are in need. There has been an epidemic of itch. The heads of those families in the main are young people of from twenty-five to forty, and there is the question of children. I believe some sixty or eighty babies are expected by the middle of April, and who is to take care of them? No doctor from Rouyn can go there, so it all depends on one young girl. I am sorry to see that the minister is laughing. I am not laughing at all; I am very serious. The minister has a good heart; he knows that I am not making these remarks for any personal reason. I am interested in the health and welfare of these people. This settlement is not far from where the minister lives, and he can verify what I say.

These families are away in the midst of a wilderness, and I say it would have been much more sensible if they had been placed on the farms which are for sale in the old parishes. In the second place I submit that a medical attendant should be sent there at once. If a man takes the risk of a long aeroplane journey and loses his way the papers are full of it and no government refuses to spend hundreds and perhaps thousands of dollars to search for him. Only one human life is concerned in that case, but here we are considering hundreds of human lives that are endangered. Those camps are surrounded now by snow and in the spring there will be slush and mud, and these people will not be able to leave the camps. The melting snow and ice and mud surrounding them will be a source of contamination and disease, and when that has dried up they will be exposed to forest fires. If there should be a fire after the snow goes, those men, women and children would all be burned to death just as those poor girls were burned in Hull some days ago. I do not wish to cast any slur upon anyone; I am discussing this matter because I want someone to go at once to the rescue of those people. They are entitled to medical attention. Certainly if the Minister of Labour has listened to my remarks, if the Minister of Health reads Hansard to-morrow and if the Minister of Colonization of Quebec sees what I have said they must agree that a government that can spend so much money to look after those who take the risk of long aeroplane trips can afford to spend a few hundred dollars each month in order that these people may receive the medical attention and care to which they are entitled. I say it is a mistake that this has not been done. If the work had been in charge of a private organization that organization would have provided a doctor to look after that large number of people. That is done by the lumber companies, who employ only men, but here we have a situation much more serious because it involves women and children as well. I think it is time something was done in this regard. I hope the minister will take what I have said into consideration and that he will not dare suggest that my remarks in this house on behalf of my own people are an impeachment against my own province.

Mr. GORDON: I am sure the committee now understands that the administration and the selection of the locations where these colonists are settled is entirely under the control of the province. There is a committee upon which the Canadian National Railways, in the section to which reference has been made, is represented by Mr. Laforce, who acts under Doctor W. J. Black. I do know very well the section of country to which the hon. member for Témiscouata has made reference; I do not say this by way of complaint, but I am sure the hon. member has never been anywhere near that district or he could not have made the statements he has made.

Mr. POULIOT: I would say that I know it better than the minister does.

Mr. GORDON: Perhaps so, but my hon. friend would have to know it very well indeed. In order that the observations of the hon. member for Témiscouata may not go abroad unchallenged and bring about fears and anxieties which I do not think should result from the efforts that have been made I must take the time of the committee to read the report made by Mr. Laforce on this very locality to which reference has been made. I will hurry through this report as rapidly as possible. It is directed to Doctor W. J. Black, Canadian National Railways, Montreal, under date of March 10, 1933, and is as follows:

As requested, I am giving you a summary report of the activities of the back to the land movement in the province of Quebec during the year 1932. During the year 523 families were accepted by the committee, and have been established mostly in Temiskaming and Abitibi districts. The selection of these families was conducted with as much care as was possible. After interviewing the future settlers, recommendations were requested from parish priests, religious ministers, aldermen of the wards in which the settlers resided, and from charitable institutions or associations which were assisting them.

This information was then submitted to the municipal council and afterwards to the back to the land committee. A few errors may have been made, but very few.

Each group of settlers was accompanied in order that they might not meet with difficulty. The family heads—

Remember that the heads of families, the fathers, preceded the women and children.

—who went to Abitibi, for example, upon reaching Amos—

Amos is on the Canadian National Railways in Quebec.

—were received by Mr. V. Villeneuve, escorted to an "accommodation house" where they spent the night, and the following morning were conducted to the settlement where they chose their lots. Generally about two days after their arrival they were starting to build a temporary shelter which permitted them to remain on the lots whilst putting up their camp. These camps were mostly built of logs, squared inside.

To hon. gentlemen who have no experience of pioneer colonization in this part of northern Canada I may explain that a house of logs is the first house which the settler invariably builds where timber is so plentiful.

It was understood that the floors were to be made of planed planks, tongued and grooved. The house was to be fitted with windows in order that it may be well lighted, and was to be one and one-half stories high, with room in the top part. The necessary lumber for floors and roof was brought to a central place where a general store also was put up, the operation of which is under the effective supervision of the government.

That is the Quebec government.

After the houses or camps were constructed, and then only, the families left for their new homes. Special cars (colonists) were placed at the disposal of these families. These cars were well ventilated, and all precautions were taken to see that the families met with the least possible difficulties. Each group was accompanied. On their arrival in Abitibi the families would get off the Canadian National Railway train and get on another train made of small houses on sleighs which were drawn by a tractor. Eighty persons could sit in two of these houses and be comfortable. On a third sleigh was the baggage, and then this new train left for the colony. These houses on sleighs were well lighted, supplied with fresh water, hammocks had been set up to permit the babies to sleep, and even a toilet room had been fitted out.

As you see the persons were treated with care. Land of the highest quality was selected for them in districts where the clearing is rather easy, not far from the railroad; another advantage offered in the districts where settlers were established in Abitibi is their proximity to the mining centres. The demands from these enterprises will supply the settlers with a ready market for all they are able to grow.

One of the factors that contributed most to the success of the back to the land movement in Quebec in 1932 was that in each of the colonies a minister of the religion actively occupied himself to assist the settlers, to encourage them, and direct them.

To demonstrate how well satisfied the settlers are, permit me to give you below extracts from some of the letters we have received from new settlers of the district.

Perhaps it is unwise to give the names of these people settled on these lands, but I presume that those who write these letters would not object. I may add that these people are settled in communities and not scattered here and there through the wilderness.

Mr. Joseph Pichette, for example, who has selected a lot in the Villemontel township, writing to his brother, states: "If I have delayed writing to you it is because we have had much work to do. We have built our

camp, and everything goes well. I have a very nice piece of land, good soil, easy to clear. I am happy and satisfied with my lot, and so are the others."

Mrs. Paquin (a widow) writes to her daughter in the following terms: "Here everything goes smoothly. We are well treated, but we must take care not to squander, and work with intelligence. We cannot ask for anything better. Those who are criticizing would like us to be treated as though we were rich, and doing nothing. We have everything we need."

Another, Mr. Wilfrid Richard, who settled at LaMotte, writes us as follows: "I assure you that we are happy. My camp is 24 x 25 inside, with 7 rooms, 1½ storeys high. While I am writing you my son is making a cupboard. We have put up a little stable 12 feet square, temporarily for this winter. My son in law, Raoul Robidoux (another back to the lander) is living with us. He is well satisfied and much encouraged."

Mr. Ephrem Larivieres, located in the Villemontel township, states: "I have a very fine lot and am satisfied with my present situation. We have been well treated and those who, through newspapers or elsewhere are complaining, are wrong." He adds: "They are shamelessly lying."

Mrs. Jean Gaumont, of Villemontel, writing to a relative, expresses herself as follows: "I am very happy. I have made a beautiful trip; we made a joyous voyage, and still more happy to be here. You should see how nice it is. My husband has a good lot. He has put up a log camp, the joints of which have been packed with straw and moss.

That is the usual method of chinking-up a log cabin.

These things are so new to me that I spend my time laughing. I like it so much that I would not return to Montreal."

Mr. Joseph Bellemare, who in the name of a group of fourteen families who have selected the district of Authier to establish themselves, writes to us under date of December 28, stating: "I wish to thank you most sincerely in my own name and that of the group, for sending us to such a good country."

Another settler of Villemontel, Mr. Joseph Dulude, writes: "I have had all the time necessary to look over the district and take information. From my little inquest I have come to the conclusion that in my case, and the experience I have with things of the land, being a farmer's son, I have every reason to believe that here I will succeed."

Mr. Joseph Lamothe, on January 29, writes: "I am writing these few words to let you know how we are, as well as my father in law, Mr. Ed. McCrea (another back to the lander). I want to tell you that we are all very satisfied to be in Abitibi. . . ."

Mr. Joseph Lambert, on December 12, wrote the following: "Just a few lines to let you know we are getting settled in our new home fine, with which my wife and I are very much satisfied. Both my wife and I sincerely thank you for your trouble in getting us settled on a good farm on the highway, which we believe in a few years will mean good to us."

From the same place, Mr. Euge Therrien, veteran, writes: "To my knowledge all the settlers in the double range VI-VII are in perfect health and everyone has completed his camp, and to my information are all well satisfied with their lots, and as to myself I thank you gratefully."

Mr. Joseph Gingras writes: "We are very happy to be here, nobody is lonesome, and I can assure you, as far as I am concerned, it is the best move I have made in coming here. I have a very nice lot, half made, fire burnt everything.

He means the bush fires.

I have about twenty-five acres cleared around my camp, ready for seeding in the spring. I built a good camp. We call it a camp, but it is more like a house. I built 25 feet long by 22 feet wide, with a pointed roof, which makes two storeys. I made four rooms upstairs and two downstairs. We are better lodged than we were in Montreal. I dug a cellar, deep enough to walk in. I am two miles from the general store, it is not far, and when the church is constructed it will be near there. The road to the mines also passes that point. I am very confident that within a short while, without being very rich, we will be in a position to live without anxiety for the future."

Mr. Auguste Barbotin on the 18th of January writes: "We are all well satisfied with being here. We have had our first mission service this morning in front of my camp. It was very impressing." This Mr. Barbotin also wrote to the Travellers' Association, expressing his satisfaction, which letter was published in the newspaper "Le Devoir."

From another district where families were established, Belcourt, Mr. Ferdinand Lupien declares, in a letter, that he is much pleased with his present situation. Other settlers from the same district also wrote to us thanking us for what we did for them.

Mr. A. Gagnon, from Uniacke, wrote us on the 18th of January: "I left Montreal on the 3rd of October to come to Uniacke to establish myself on a colonization lot as settler, and with the idea of remaining here. I cannot let this occasion go by that presents itself to me to-day without taking advantage of it, and from the bottom of my heart offer you my sincere thanks, feeling that if I am here to-day I must be thankful to you. . . . ."

Mr. Joseph Camirand, of Villemontel also, wrote to the St. Vincent de Paul Society to thank them, in which letter he says: ". . . have arrived safely and have put up my camp. I am very much satisfied with my lot and hope it will never be necessary for me to go back to the city of Montreal."

Everyone of these persons left during last fall to settle in Abitibi and declare they are satisfied, not only with the manner in which they have been treated by the C.N.R., but also of the way in which they have been treated since settlement, because they have been given first class land, and care was taken for their establishment in a good district.

J. E. Laforce,
General Agent.

These reports are indicative of those we have received from the committee and the other agencies which are working, not to solve unemployment but to offer an opportunity to people who are ready, willing and able to place themselves or be placed in a position where they may be self-sustaining.

Hon. members will recall that not so many years ago Mr. David Lloyd George stated that the land was not playing the part it should at that time, and not so many days ago the President of the United States made reference to the same thing. I feel sure that the hon. member for Témiscouata has not made the investigation he should of the work carried on under the joint auspices of the agencies to which I have referred. I do not charge him for one moment with making statements which he knows are not founded upon fact but I feel sure that he has obtained his information from sources which might be almost looked upon with anxiety.

Mr. POULIOT: The letters which the minister read came mostly from people on the double range, those who have settled on highways. But the case is entirely different with those who have been placed away in the wilderness. I notice that most of the letters read were written just after these people had left the Canadian National agents.

Mr. GORDON: The letters were written in January and February of this year and the people writing them had been upon the land since last fall.

Mr. POULIOT: How many letters did the minister read?

Mr. GORDON: I should say I read twenty.

Mr. POULIOT: Were those letters written by people upon the highways, the double range, or by those who have settled in the midst of the forest?

Mr. GORDON: The descriptions they gave of their locations would indicate that they are from both sections. Being twenty miles from a railway is not an impossible situation for a settler. I know of settlers who opened up the Timiskaming district in Ontario who are to-day prosperous farmers and in full ownership of their locations. Many of these settlers had to carry their provisions upon their backs for over thirty miles, and they did it without complaining. In spite of present conditions these men are very prosperous. With respect to the reference made to women having to ride in covered sleighs containing a stove, I may say that I have done that hundreds of times and I found it quite comfortable. In fact, I have ridden in open sleighs when it was fifty below zero, and I did not freeze to death.

Mr. POULIOT: I submit that reports received from the employees of the government should be received with a grain of salt. The employees in the colonization departments of the Canadian Pacific or Canadian National have to show results in order to retain their jobs when reductions in staff are made. I think the minister should be careful in accepting the statements of such employees. They have to show results and those results are not based upon the selecting of settlers but rather upon the number of settlers placed upon the land, whether or not they possess the necessary qualifications. I have no ulterior motive in bringing up this matter, I did it because I thought it to be my duty. Unpleasant things may be said to me but I do not care. I am doing what my conscience tells me I should do and what I have done has been done as a representative of the people of Canada. Should similar circumstances arise in the future I shall follow a similar course.

Mr. VENIOT: The minister will remember that last year I took objection to the methods adopted in the spending of federal money for unemployment relief in the province of New Brunswick. I instanced a case where the federal government had been committed to an expenditure of some $57,000 for the construction of a power line. I claimed that that was a revenue producing enterprise controlled by the power commission of the province, and therefore the Dominion government money should not be used. Not only was it a revenue producing enterprise, it was a profit producing enterprise. The province of New Brunswick was well able to build the line under the direction of the power commission and thus provide employment for the unemployed.

I have another complaint to register this year, and I should like the minister to give his strict attention. I think it was in 1928 that the legislature of the province of New Brunswick passed an act granting a bonus to farmers who cleared more acres of land than they had previously under cultivation. I think the bonus amounted to $8 or $10 per acre but it did not go to the settlers or colonizers under the old colonization scheme of the province who did not have a title to their lands, it was paid to farmers who had been established a long time and who had from 35 to 125 acres of land already under cultivation. In 1928, 1929 and 1930, the farmers entitled to this bonus received it direct from the provincial government. This scheme was not intended to assist unemployment as there was no unemployment at that time among the farmers. I am informed that the records brought down in the legislature of New Brunswick show that last year some $41,000 was paid out in these bonuses, and that fifty per cent of that amount was paid

by the Dominion government. Last year I complained that the federal government was not paying sufficient attention to the methods adopted by the provincial government in the expenditure of relief money, and I make the same complaint to-day. Money paid to the farmers by the province of New Brunswick for clearing extra land should never come out of the relief fund voted by the federal parliament, because those farmers are not unemployed, and this money is not given to them in the way of unemployment relief. They have already large quantities of land under cultivation; they have their crops, their cattle, their horses and their means of living without being helped from the unemployment relief fund. The sum of $20,000 given to the province of New Brunswick to help it to meet its ordinary expenditures should have been expended by it in assisting the unemployed to greater extent. I do not know whether that amount has been paid or not, but I know the information submitted to the provincial legislature only a couple of weeks ago was that they expected to get about $20,000 from the federal government under the Unemployment Relief Act. I protest against this, because the money is going to men who do not deserve it. They are not unemployed; they have every means whereby they can live and live comfortably and we have no right in the federal parliament to vote money that will go to men of that class. I would ask the minister, before that sum is paid to the provincial treasury of New Brunswick, to investigate the matter carefully and I am sure he will find that the statement I make here to-day will be borne out by such an inquiry.

Mr. GORDON: If the money has not been paid, I shall be glad to investigate the matter. That was two years ago, I believe, under the 1931 legislation.

Mr. VENIOT: Yes.

Mr. GORDON: If the money has not been paid I shall be glad to look into the matter.

Mr. VENIOT: Let me go a point further; If that money has been paid and it is discovered that it has not been given out to deserving parties, I would ask the minister to have it returned to the federal treasury.

Mr. GORDON: Of course, if it is disclosed that any money which was paid to any province, was not utilized by it in accordance with the act, the government would, as it has in a number of other instances, ask for the refund of the money. In certain cases such moneys have been refunded.

Mr. HOWDEN: Regarding the back to the land movement which has received a good deal of consideration by the hon. member for Temiscouata, I should like to say a word. There appears to have been a good deal of difference of opinion as to the value of this movement in Canada at the present time. As a matter of fact, it seems to me that the back to the land movement is the only permanent step that the government has taken so far towards the relief of unemployment and to end the present depression. Inasmuch as I was one of those who early advocated this policy and on the floor of the house entreated the Minister of Labour to extend some consideration to the city of Winnipeg and province of Manitoba in the matter, I am happy to say that in my province to-day we have been able to place around 400 families on the land with entire satisfaction and success. In that number of placements, there have been only two failures, and I think that is a pretty good record. I believe the government is to be commended and congratulated upon the action it took in uniting with the provincial governments to place these families back on the land. I sincerely hope the movement will be continued, because I believe we have room for many thousands of families on the land. If they go upon the land, they can feed themselves. They do not need to take up farms. Considerably smaller plots than have been taken up in the past would, I think, be decidedly more advisable. I sincerely hope the federal government will see its way clear to continue this work and we shall be able to place many more families on the land.

Mr. NEILL: It is not usual to discuss the details of a bill on the title, but if that suits the minister, I suppose it is all right.

Mr. GORDON: It suits me.

Mr. NEILL: I should like to ask my hon. friend a question. This morning I sent him a copy of a wire I had received from the board of trade of the town of Port Alberni. I shall quote one or two sentences from it so that the minister and the committee may understand the situation. It reads in part as follows:

> Board of trade has wired Premier urging prompt and effective Dominion government action to avert crisis imminent due to decision of all municipalities this province to withdraw all relief as means of forcing issue of respon sibility. We believe full responsibility rests now and always on Ottawa. Municipalities and provincial government obviously financially unable continue relief finance. If relief stops, looting sure to occur here. Merchants cannot

finance essential food shipments without relief funds and stocks on island good only for few days. Majority of unemployed loyal and decent but certain proportion await first excuse to institute violent action. We anxiously await assurance that relief payments already too small will not cease even for short time.

What I should like to ask the minister is this: In view of the very definite statement made there and indicated at least in recent dispatches from British Columbia, that the municipalities are proposing, as a means of forcing the issue of responsibility, to withdraw all relief, has he information of that character from any other municipality than the one to which I have referred?

Mr. GORDON: I have no information from any municipality indicating the condition outlined. Even if I had, we obviously, as has been stated and restated, can and will act only upon the recommendation of the provincial authorities. If we did otherwise, endless confusion would result and of course I do not think we have any authority to go into a province and take over these matters.

Mr. MACKENZIE (Vancouver): Has the minister received any information as regards the situation in Vancouver about which I spoke in the house last Friday?

Mr. GORDON: Nothing.

Mr. NEILL: While I admit, on the face of the matter, so to speak, the party with which the Dominion government deals is the province, I do not think that is a sufficient argument in every possible contingency. Is the minister going to sit down under a very definite statement that looting is imminent in British Columbia, saying that he is going to wait until it happens? I would not like to be offensive, so I will put the matter in this way: He has some idea of the irresponsibility of the provincial government at the present moment and the way in which it has acted in the past in that regard. I understand this matter originates to some extent in a side issue. What has happened is this: the provincial government is practically bankrupt and it issued a budget by which it takes $650,000 away from the municipal revenues. The council of the whole body of municipalities, not merely this isolated one, got together and threatened—and this appears to be a development of the threat—that they could not go on financing owing to the lack of those funds. They took the attitude: If you are going to so seriously reduce our revenue we will force the issue by stopping relief, and we will put the responsibility for relief up to the province. I suggest that as the minister is informed that there is danger of a situation like that arising, it might be well for him to wire the province and find out from people in whom he has confidence what the situation is.

I have this one further point to make. It may be suggested that it will be time enough to do something by and by. But these people who are now on relief in British Columbia are getting very small sums. It cannot be denied that a single man getting six dollars a month certainly has no reserve left, and that has been going on for a year or two. If these cities are suddenly compelled to stop giving relief, what are these single men to do? As this wire says, there is a certain section of the unemployed who are fomenting trouble. Their ideas are those of the communists, and they are always at the ears and at the elbows of the unemployed men, saying, Why don't you help yourself? The result may be that these really decent men, Canadian citizens, confronted by their wives and children going hungry, will listen to the voice of the communists and go and help themselves. I shudder to think of them taking action of that kind, while the minister takes refuge in the statement that he will wait till it happens and then put the responsibility on the province. A situation did arise some years ago in Victoria which, without going into details, resulted in looting and cost far more in a couple of hours than the whole matter at issue on that occasion. It ran up to hundreds of thousands of dollars for which the city was responsible. Would it not be better for the minister to take steps to inform himself what the situation is? I do not ask him to take my statement, but this wire comes from a reputable board of trade, and it would not be difficult for the minister to inform himself what the situation is, instead of waiting until the troubles happen.

Mr. STEVENS: I think, Mr. Chairman, that perhaps the hon. member is not fair to the Minister of Labour in presenting the case as he has done. The fact is that for many years, under the ordinary system followed in British Columbia, the provincial government has made certain grants out of provincial taxes to municipalities—grants to hospitals, grants towards education and matters of that kind. In more recent years, since government control of liquor has come in, there has been a share of the profits from liquor distributed amongst the municipalities upon the basis of the amount of liquor sold within the municipality, and other matters of that kind. But what this committee must bear in mind is

that that is purely a local, ordinary situation, and has nothing to do with relief. It has no relation to relief whatever.

It is quite true that British Columbia, in common with other provinces, the western provinces perhaps more so than parts of eastern Canada, has been confronted with difficult problems in connection with relief. No one questions that at all, and no one other than a person who was completely indifferent to local conditions could do otherwise than feel more or less perturbed about this problem. But it is not fair to say that the province of British Columbia is bankrupt or that the government of British Columbia is wholly indifferent. It is neither fair nor correct to make statements of that kind. The province of British Columbia is not bankrupt. At the same time unquestionably, like many other governments, the government of British Columbia is finding it very difficult to make ends meet with its depleted revenues, and this is not to be wondered at in a province like British Columbia where in years gone by one of the main sources of revenue was the returns from the timber trade, royalties on timber and so forth. Those royalties have fallen off as well as royalties on every other natural resource, and there is no question that the revenues of the province have been very seriously depleted. Nor would I or anyone else hesitate to say that, in the past, in British Columbia, as in all other places, the present government and other governments, have been perhaps unduly extravagant, or to put it in the kindest way, have been perhaps over-optimistic, and expenditures have run into very large figures. But that does not concern this committee dealing with a relief bill. What this committee is concerned about is this: In its administration of the Relief Act is this government dealing reasonably fair with the province of British Columbia as compared with other provinces? That I think is a fair subject for debate. I am quite certain from what I have been able to gather from the Department of Labour and the minister that British Columbia has been equitably and reasonably well treated in the matter of relief.

May I take this opportunity of pointing out to the committee this fact, and I do it with great earnestness because personally I feel very much perturbed over it. It is this, that there is altogether too much tendency for our people in Canada, starting with the individual and going on up to the municipality and then the province, to lean too heavily upon governments. It is not necessary to blame people or denounce them for that, but the fact is there. Over a period of time we have grown into the habit of leaning upon governments. The individual in the smaller localities has been looking for the municipality to provide all the relief he requires, without perhaps making that degree of individual effort which would contribute measurably towards his own relief; and the municipality has the tendency to lean entirely upon the provincial authorities, and so with the provincial authorities the tendency has been to pass the responsibility to Ottawa. That is something for which we cannot blame this man or that man; it is very common. But it is the duty of the Minister of Labour, as the minister responsible and charged with this very, very difficult task, to resist in a measure at least simply passing the responsibility up to him. What he has done, and I think done admirably, in the last three years of very trying times, has been so to direct the appropriations for relief from this government that there will be a maximum of returns. I think that he and the rest of us who are associated with him would be quite ready to admit that in handling this new situation which was thrust upon us errors have been made. I have no doubt that if we were to start all over again, faced with the situation of three years ago, we would find things that we might have done better. But that is only human, and hon. gentlemen opposite, while quite within their rights and within their duty in criticizing the government, I am quite certain would at least recognize that necessarily there must have been some errors made. But I do submit, and I am speaking now about British Columbia about which I know a good deal, that the minister and his department have treated that province with very, very great consideration, and he and the rest of us who assist him from time to time in studying these matters, are pretty well alive to the needs. At the same time it would be mere folly for him to give way at once when any municipality wires or writes in, as they do frequently to myself, as the minister representing that province, seeking direct contacts. It would be very foolish to give way to appeals of that kind.

I do not apprehend any very serious disturbances from this new situation which has arisen in the province. As the hon. member for Comox-Alberni (Mr. Neill) has said, there are certain persons, commonly known as the red element, who work amongst the unemployed and those on relief, capitalizing their distress and urging them on to deeds of violence. While we know there is a certain amount of that, I have sufficient knowledge of the sound common sense of the bulk of the people of British Columbia, unemployed or

employed, on relief or not on relief, to be confident that there will be no very great difficulty in that regard. There may be, is bound to be some, I presume; there has been in the past. But I notice that these disturbances that are foretold with great foreboding often do not amount to anything very serious. This we can say with confidence, that the members of the provincial government having to do with this matter—Hon. Mr. Bruhn, Hon. Mr. Jones, Hon. Mr. MacKenzie and others—are making strenuous efforts to deal with their local problem. Undoubtedly they are meeting with difficulties, but they are doing a great deal more in the way of effective work than I think is generally realized. I know from my own personal contacts with the Minister of Labour here, that the federal department responds to the appeals that are constantly being made—not immediately giving what is asked, because that would be sheer folly; but making a generous response in the way of funds, taking a sympathetic attitude toward the problems involved, and seeking by combined effort and joint knowledge of the situation to work out their solution. I would say to my hon. friend from Comox-Alberni that the minister would be ill-advised to take up appeals from individual municipalities. If he does that; if he abandons the principle we have followed of dealing with this matter through the provincial authorities, he will be called upon to establish duplicate organizations here and there throughout British Columbia; and if he did it there he would have to do it elsewhere. And I am reminded that the act itself, and all our powers hitherto asked for, provide only for dealing with provinces. I submit in all earnestness that it would be shear folly for this house to authorize the minister to deal with municipalities, cities or localities; it would entail the erection of an organization that would simply duplicate that of the provinces. I suggest to the hon. gentleman who put this forward, and to other hon. gentlemen speaking for British Columbia, that we should endeavour as far as we can to impress upon those in authority in the municipalities, as well as upon private citizens, that they must bear a larger share, not so much of the cost but of the effort to solve the problems with which we are from time to time confronted. I feel very strongly that if the people of Canada—we were speaking of British Columbia, but it can be made general—would realize that, and give a larger measure of personal effort to a solution of the difficulties, much better progress would be made.

[Mr. Stevens.]

Mr. NEILL: The minister has suggested that I was asking the Minister of Labour to take up the problem of an individual municipality, that which I mentioned or some other. Nothing was further from my mind. What I said was that he should take cognizance of the situation that has been at least suggested, and that it would cost very little for him to inform himself of the actual facts and of the day to day features of the danger of suggested looting that I have referred to.

He has also said that in his opinion—and he says he is in a position to judge—the Dominion government have treated the province of British Columbia, I think he said, very well. All I can say is that that is not the expressed opinion of the government of British Columbia nor of the council of municipalities, a very large and important body; they have expressed themselves very definitely to the contrary. I would just say this: some years ago I was in—well, in fact, in the bar of an hotel—

Some hon. MEMBERS: Oh, oh.

Mr. NEILL: —and a man ran in and said: "Neill, your house is on fire." I did not stop to ask that man his name and age and station and pedigree, nor did I say: "I recognized my wife as the mistress of that house, and until you get authority from her I cannot take cognizance of your declaration that my house is on fire." No; I took immediate steps to deal with the situation. I did not even ask him to prove that the house was on fire, but I got a move on. The minister, however, refuses to credit that the house is on fire or in danger of becoming so.

The minister also says that he trusts to the common sense of the people, the unemployed, not to go too far. That is all right; I appreciate the fact that that will go a long way, but there is a limit. There is a point where common sense ceases and the dictates of despair take control, and that is what I am afraid of. All I ask is that the minister make use of his sources of information and find out if the situation in British Columbia, either present or threatening, is as bad as I have suggested. In addition to this telegram the press bears out the situation, because I read a few days ago that the council of municipalities were to have a meeting to decide whether they would throw up their hands, refuse all relief and put the blame on the province.

Mr. MACKENZIE (Vancouver): I congratulate my hon. friend the Minister of Trade and Commerce (Mr. Stevens) for his remarkable change of heart since 1930. I have

in my room upstairs an extract from an address my hon. friend made, and while I do not want to introduce the slightest suggestion of partisanship into this debate—on the contrary I want to assure the Minister of Labour that as far as we who come from British Columbia are concerned we are prepared to cooperate to the utmost with him in anything he can do to alleviate the situation—at that time the hon. minister said that it was not a case of provincial or municipal responsibility but the whole fault lay with the inherent policies of the King administration. It was very refreshing to see the evolution of political sagacity evidenced on the part of my hon. friend the Minister of Trade and Commerce.

Mr. STEVENS: That may have been true then.

Mr. MACKENZIE (Vancouver): By that one observation my hon. friend has ruined all the good he did by his constructive remarks a little while ago.

Mr. STEVENS: You must give us a little latitude for humour.

Mr. MACKENZIE (Vancouver): I think the hon. Minister of Trade and Commerce quite missed the point raised by the hon. member for Comox-Alberni. It is not a case of one municipality; we have the organized union of British Columbia municipalities deciding in the last two weeks to send a representative to Ottawa to bring before the government this situation that is affecting all the municipalities. We also had the other day the mayor of the city of Vancouver using language similar to that used in the board of trade telegram read this afternoon by the hon. member for Comox-Alberni. All we desire to know is, if there is an emergent situation in British Columbia, if the municipalities are not able, and I believe they are not, to cope with the present situation, having been deprived this year of $640,000 revenue which they had last year; if the local authorities are unable to meet the situation, is the Minister of Labour going to wait until he gets official representation from the provincial government before dealing with the question? I am vastly surprised that the government of British Columbia, if the representations I have received from Vancouver are true, and I believe they are, have not acted upon those representations, being in touch with the situation, and made direct representation to the minister, in order if possible that by some supplementary grant or otherwise we may relieve what may be a very serious condition. If the members from British Columbia on this side of the house can be of the slightest assistance to the Minister of Labour, our services are absolutely at his command. We do not want to treat this matter as a partisan issue. The situation in British Columbia two years ago was damned by that. The auditing committee investigated the accounts of British Columbia. He knows that Mr. McGeough, who has been a Dominion government inspector assisting Mr. Hereford, asked the lieutenant governor of British Columbia for a royal commission to investigate the misappropriation of funds in the province—

Mr. GORDON: He intimated to me also that if he did not get a job he was going to do that very thing.

Mr. MACKENZIE (Vancouver): That may be quite true, but these things never have been thoroughly gone into, and I think it is only fair to the minister himself as well as to the provincial government and the public of British Columbia that there should be an impartial investigation into the charges which have been made. During the session of 1930, when the first appropriation of $20,000,000 was made for unemployment relief, we on this side of the house asked for a national audit, but our request was refused. What has happened? We find that quite recently the government adopted the very suggestion we made at that time; according to my information they have been conducting an investigation into the situation in British Columbia.

Mr. GORDON: That was started last year.

Mr. MACKENZIE (Vancouver): Exactly, and we asked for it in 1930. My hon. friend was not Minister of Labour at that time, but the Prime Minister refused to give us a national audit of the expenditures of public moneys in the different provinces of Canada. The Prime Minister said at that time that this government accepted responsibility for the expenditure of every single cent of public funds, but two years after this scheme of unemployment relief was put in operation the very thing we requested was conceded. The minister has not yet told the house what has been the result of that investigation into the expenditure of unemployment relief funds in the province of British Columbia.

Mr. GORDON: The Auditor General's report will show.

Mr. MACKENZIE (Vancouver): Yes, and I will be very glad to see it.

Mr. GORDON: We have not received it yet.

Mr. MACKENZIE (Vancouver): I am quite prepared to accept the minister's state-

ment in that regard, but we have a duty to perform. We are getting these wires day after day from responsible officials, municipal and provincial, and if there should be any trouble or any outbreaks we must accept part of the responsibility. This is a national crisis, a national duty, as the Prime Minister told us in 1930 in Montreal, in Winnipeg and in Vancouver. He stated in this very House of Commons on the 17th day of September, 1930, that this was a national responsibility. I do not say that the Minister of Labour is seeking to do so, but I suggest in the strongest possible way that he cannot evade or escape the responsibility which is his as a minister of the crown of meeting any situation which may develop in British Columbia in a national way. That responsibility belongs to him and to this government, because they told us this was a national question and a national responsibility; they made that statement both on the hustings and in this house.

I wish to conclude my remarks by assuring the minister that we will do everything we can in any way to cooperate with him in meeting the very serious situation which exists in British Columbia.

Mr. GORDON: I thank the hon. member for the attitude he has assumed in offering his assistance, because I really believe he means what he says. But in order that the position may be made very plain let me remind the committee that rightly or wrongly the government has hitherto placed no limit upon what shall be spent in any province of this dominion for direct relief. We promptly pay the bills, after looking them over to see so far as possible that the moneys are not spent improperly, and that applies to British Columbia as well as to every other province. I receive communications from various provinces in regard to the situation in various districts and consideration is given to all submissions that are made. This also applies equally to British Columbia. I have heard a good deal about the possible looting of stores in certain sections of Canada, but on inquiry of the provincial authorities I have found that they had the matter in hand. I am not going to urge upon a province that they have not the matter in hand, that they should do this or do that within their legislative competence; I do not think any member of the committee would suggest that I should do so.

Let me say, however, that as these matters arise I am aware that there is an acute situation here or there within Canada, and if it is a question of providing funds we do confer with the provinces and take such action as is necessary to relieve such situations. But I cannot too strongly urge that there is an agitation—I do not know how great it is in this country—absolutely to refuse to do any useful work. Some people seem to have made it their objective in life to wreck everything, and the refusal to do anything is one method of accomplishing that end. That is a difficult class of people to handle. Fortunately I believe it is a very small class, but there are many people in this country who are trying their utmost to improve their position. If we were to lay down a rule that in a certain province we would give so much per month to a family of two, so much to a family of three, and so on, in my view that would not be a proper course to adopt. It is human nature not to persist in trying to go upstream; it is such a comfortable thing to go down with the current. If people are taught to believe that the rather indefinable institution called the state can take up the slack, no matter how great it may be, which may come about by reason of misadventure or the desire of the individual not to exert himself, then things will have come to a pretty pass indeed. It is part of my duty as Minister of Labour administering this act to see on the one hand that injustice and suffering shall not prevail and on the other hand that the malingerer is not permitted to follow that course if measures can be adopted that will prevent him. This is not an easy act to administer, but I can assure the members of the committee that so far as it is humanly possible the course I have indicated is being followed. I am sure hon. members know from their personal interviews with me in connection with matters in their particular ridings that the department is doing everything possible to endeavour to make the position of the worthy Canadian as easy as possible until better times come.

Mr. REID: I should like to stress just one point in view of what the minister has just said with regard to those people who are determined to do as little work as possible. I would point out that one cause of this discontent is the fact that I think in nearly all the camps we had men who were not working and who were not asked to work, but who were provided with food, clothing and shelter. Nearby there were municipalities which required men on relief to work for the relief afforded them, and naturally they pointed to the men in the camps who did not have to work. I think that policy should be changed; I think able-bodied men should be made to do a little work for their food and clothing. Many of the men in those camps

were quite willing to work and there was useful work to be done, but they were not asked to do anything. I believe this did cause some discontent in many districts, and I think that policy should be changed.

Mr. WOODSWORTH: I think it would be most unfortunate indeed if any word of the minister's should lead the general public to believe that a large proportion of the unemployed in this country desire simply to drift along and depend upon the state, being merely malingerers. I have heard that word malingerer half a dozen times from the lips of the minister. I have no doubt there is an occasional man who will not work, but anyone who knows intimately the unemployed in this country will admit that the great majority of them have done useful work in Canada and are prepared to do useful work again as soon as it can be provided. But there is no use expecting the poor individual workingman to be able to discover work when there are 750,000 like himself who cannot get it, and when the state itself cannot find it. It seems to me almost a cruel way to talk; it is not a fair way of putting the situation of the unemployed worker.

The state, for three years under this government, has had all its agencies at work in an endeavour to find work, to make work. The state has not been able to do this with all its resources and now, when it has failed, it looks to me as if the minister and the government generally are trying to escape responsibility by turning round and calling the unemployed workman names, malingerer and so on. I say it is not fair. I do not see how the government can possibly evade responsibility for the situation. I am not speaking now in any narrow political sense because I would say the same whatever government might be in power. Within limits the minister has been carrying out the act, and I am not complaining in respect to details; but I am protesting against the general attitude of the government, which seems to be that we should get by as easily as possible in a matter of this kind. The whole policy is predicated on the idea that this is a very temporary emergency. The government has taken that point of view for the last three years. We have been told again and again about the prosperity which is coming to us but which has not yet come, and we are still exhorted to wait patiently a few weeks or a few months longer, when the promised prosperity will come. There is no indication immediately in sight of anything of the kind and it is not unreasonable therefore for us to ask the government to face this question fairly with regard to the continuance in considerable part of this unemployment situation. This they are not doing at the present time.

The minister told us the other night that one of the reasons why it was not wise for the state to do anything was that possibly the springs of charity might dry up. That is a ridiculous position to take; that is all I can say. It is absolutely absurd for a minister to take that position in view of the tremendous responsibility that rests upon the government. Undoubtedly the springs of charity are drying up, but it is not because men are becoming harder hearted. Among the poor at least there never was a time when they were so willing to share what they had with one another. It is not, I say, because the springs of charity in the human heart are drying up but because the resources of the people are becoming so depleted that they cannot give to charity as they have done in the past.

The whole problem has become so vast in its extent that the ordinary private charities which might handle a few individuals or a few score of individuals in normal times are no longer sufficient to meet what is properly termed a great national emergency. When we remember that anywhere from twenty-five to fifty per cent of the population of a great many of our communities are unemployed, it is ridiculous to think that ordinary private charity can take care of these unfortunate people. It cannot be done. Yet the Minister of Trade and Commerce suggested that if the ordinary people of the country should pay a little more attention to this phase of the matter they would solve the problem. Yes; I suppose that if a great drive were put on by the Rotary club a few more men could get work carrying out ashes and doing odd jobs in the way of cleaning up backyards. I had sympathy with that kind of thing five or six years ago when unemployment was relatively a small matter and we thought it would be over in a few weeks. A few odd jobs provided at that time would, it was thought, see the situation through. But it is extraordinary that this government, having been in office for three years and having recognized the necessity for putting on big schemes of public works, and after spending tens of millions of dollars in this way, and with the number of unemployed steadily growing, should come to us now and suggest that we should let the individuals exert themselves a little more. We are further told that we should allow the local community to exert itself more and things would be looked after better. It does not seem to me that this position is worthy of a government.

I have not taken very much time in this debate because, frankly, it seems to me that in the last few years I have said everything there was to say again and again; but I cannot let this opportunity go by without once more pleading with the government to take action. It may be that some of us are taking a gloomy view of the matter; it may be that there may not be riots. Undoubtedly there is a great deal of common sense and good judgment among the masses of our people, but I do think that the people have been wonderfully patient during these years. I have often wondered how most of us would behave if for weeks and months and years we had to live as hundreds of thousands of our fellow Canadians have been living. If we do get by without serious riots—and the very fact that the government is taking extraordinary powers would indicate that it is itself not at all sure that we shall—we shall still have to face the very serious deterioration that is taking place in the homes of the hundreds of thousands of people affected. I had word from the part of the country I represent in which someone says, "I can hardly keep from being bitter when I consider the needless suffering and demoralization of the people in this district." Surely we cannot ignore such facts.

People will put up with things for a little time when there is hope for the future; but when they realize that their little earnings are slipping away if they have not already disappeared; when they see their clothing getting shabby and they cannot replace it; when their bedding and household utensils are worn out; when they have not the wherewithal to pay their rent and are months behind; when they see no hope for their children, and there must be thousands whose children, after getting through high school, have nothing to do but roam the streets—when we think of all this, I say the situation becomes wellnigh desperate and we have the right to look to someone for a lead. Yet the minister gets up again and again and says, "There is the province." But the provinces, as I myself have said so often, and especially the western provinces as everyone knows, are on the verge of bankruptcy and cannot act. Indeed, some of them are bankrupt, just as the municipalities are. Well, what is to be done? We look to the minister to take action, but he shifts ground and says, "We cannot afford it." I urge that so long as there is as much wealth in the dominion as there is to-day, so long as there are large numbers of people drawing enormous revenues from our bonded indebtedness and from other sources, then we have no right to state that there is no money in Canada to do things. We have no right to say so. If there were war, we could carry on that war and the money would be forthcoming. In his budget speech delivered the other day, the Minister of Finance referred to the great variety of natural resources in this country. He referred also to the resourcefulness of the Canadian people. Our Canadian people are resourceful. They have been so in the past, but the fact is that to-day they have not the opportunities which were to be found in the past. It is not possible for them to do as the pioneers did, and there is no use in our fooling ourselves by going back fifty or seventy-five years and saying that the people of to-day can fend for themselves just as well as the people of that day. They cannot. The fact remains that to-day they are facing a serious situation.

I am not urging what has sometimes been called direct action; I am not urging violence, but I must confess that I hardly ever address a meeting either in eastern or western Canada at which the people do not get up afterwards and ask: What are you going to do? What can we do about it? When such a question is asked, my mind comes back to this house and to the thought that month after month and year after year we have played this game back and forth and no action has resulted. I confess that I have hardly the courage to continue to speak about these things in the house because of a sense of the futility of it all. Can I go back to my friends in my own constituency in the city of Winnipeg and say to those who have been out of work for several years and who are desperate over it all: "Oh, well, you must wait for another two or three years, there will be an election and perhaps we will put Mr. Bennett and his crowd out and there may be some improvement in the situation." Is that all we can do? Regardless of what government may be in power or what particular party they may represent, it seems to me that we as the elected representatives of the people have a right to demand that the government should help to solve such a great national problem as unemployment. They turn to us and say: What alternative have you to offer or what do you propose? It is not for us to propose the details. We have stated some of the principles on which we believe policies should be based. Both in this country and in the old country the erection of public works has been suggested as a means of increasing the purchasing power of the people. We suggested that here and the government replied: We cannot

afford it. We are supposed to swallow that reply, and the people can continue to suffer. We are told that certain works have been carried on because they could be carried on as relief works where ordinary wages do not have to be paid. Such a course has resulted in the gradual lowering of the standard of living of great sections of our people.

Is not any government elected for the purpose of administering affairs in such a way as to provide a decent living for the people? I do not want particularly to rub it in, but if ever a government was elected with a mandate to do that, it was this government. After being three years in power we find them receding from their position and simply saying to these poor people: A lot of you are malingerers; if the local communities would only get out and rustle, things would go better; you must not load everything upon the state. That is not the way to handle this problem. I do not believe that we can expect that the people will continue much longer to be patient; they should not be patient. They see their homes going to pieces and their families degenerating, and yet they know that if there was an efficient government, the situation would be altered.

We are told that we cannot do anything before the world economic conference. All that conference will do will be to pass resolutions and if those resolutions are to mean anything, they will have to be implemented by the people at home. The implementing of these resolutions by Canada would mean a complete reversal of the policy which has been advocated by this government for the last two or three years. Is that likely?

Even at this late stage of the session, I think there should be a reconsideration of this whole matter by the government. We ought not to be asked to go back and tell our people that the government refuses to accept responsibility, that it merely talks about questions of jurisdiction while knowing perfectly well that the provinces and the municipalities are not capable of taking care of the situation. The most unkindest cut of all is when the minister accuses people who are so unfortunate as to be out of work of being malingerers and not desirous of taking a job when they have it placed before them. I do hope that the government will take action even at this late stage.

Mr. HEAPS: Mr. Chairman, there is a word or two I should like to say in connection with this problem of unemployment. This problem has two aspects; first, there is the question of giving direct relief to those who find themselves out of work, and, second, there is the matter of deciding what we are going to do with the number of people who are out of work. The depression first came upon us in the fall of 1929 and since that time the unemployment situation has been gradually going from bad to worse. As I have often said in this house, I do not accuse either the present or the past governments for being entirely responsible for the situation. They were the victims of economic circumstances over which they had no control. But that does not absolve the powers that be from the responsibility of taking care of the situation. The present government has done a great deal to alleviate the sufferings of many people here in Canada. According to the figures submitted by the Minister of Labour (Mr. Gordon), the government has been feeding about one and one-third millions of people in the Dominion of Canada. That is a staggering figure; it gives some idea of the magnitude of the poverty and unemployment which exists in this country.

I think it can be said without fear of contradiction that at this time there are in the neighbourhood of 800,000 people out of work. Figuring each unemployed as representing three persons this gives approximately twenty-five per cent of the population of Canada. I believe the figure is much higher, but if twenty-five per cent of our population is suffering from unemployment, we ought to have some other method of meeting the situation than that of giving relief. The average person, I do not care who he happens to be, would prefer work to being the recipient of direct relief. I think the average person, not only in Canada but in other parts of the world, would prefer to give some service in helping to build up what we might term the state.

The question arises: What are we going to do with these 800,000 people who are out of work? What is going to happen to these people? Let us assume for the sake of argument that conditions will improve in the next six or twelve months, that there is a revival of trade. Even though this does happen, there are hundreds of thousands of men and women who are out of work at the present time who will never be reabsorbed into industry. Hundreds of thosuands of our people are faced with the situation of being permanently out of work. We must find some means of dealing with such a serious situation. A man may be able to stand being out of work for three months, or perhaps six, but ultimately demoralization sets in. Those people who have been unemployed for six, twelve, eighteen months or two years, become unemployable as a result of conditions over which they have

no control. I know the minister has taken the question of relief seriously, but what I want him and the government to do is to try to find some means of providing useful work for the hundreds of thousands of people who are at present unemployed.

The government appointed a commission to investigate the railway problem. Now we are going to have another commission appointed by the government to investigate the banking situation. Some time ago when I suggested that we might have a commission to investigate the unemployment situation, the government thought that was hardly deserving of consideration. In my opinion the unemployment situation is far more serious than either the banking or the railway problem. Further, I am trying to distinguish between the question of relief and that of a permanent solution of the problem of unemployment. Unless the government can do something in the latter respect, we are building a generation of unemployables and I hate to think what will become of these people in the years to come. Many of these young people who through no fault of their own are unable to secure employment on leaving school at eighteen or twenty years of age and become useful citizens are driven to a life of crime. Our gaols and penitentiaries are filled to overflowing as a result of our unemployment situation. We wish to do away with such a condition, and the only body before which the people of this dominion can place their claims is the federal parliament. When the unemployed in our cities come to the provincial government, the reply is: We have no money. The provincial governments pass the buck to the federal authorities and the federal government in turn says that this is a provincial matter. The unemployment problem is neither municipal nor provincial; it is federal, and if it is a federal problem, it ought to be a federal responsibility. When I speak of its being a federal responsibility, I do so with the idea of dealing not with the question of relief but with the problem of what we are going to do with the vast number who are at present out of work. I know when we come to deal with the more important aspects of the case, we may be told that the federal government has no jurisdiction. But the government has been gathering a vast amount of statistics from the census of 1931 in regard to the wealth and industries of the country. I feel, as I have stated in the house on many previous occasions, that if we are going to deal with the problem of unemployment—and I want to see it dealt with by the house—we must do away almost entirely with the idea of giving relief to these men and women who are out of work, because I believe by giving them relief, we are in no way even beginning to solve the problem. The only way in which we can do so is by attacking it at its very foundation.

I pointed out yesterday that within the next few days our two main railways are going to amalgamate certain services. Some hon. members may prefer to call this cooperation, but the first result of this amalgamation of services will be that hundreds, if not thousands, will be thrown out of work. Surely that is no way of dealing with the unemployment problem. If we are to deal with it properly, the first thing we must do is to try to fit in the men who are available to perform useful services in society and to find out what services they can perform. That means making a survey of the whole of the national life of Canada. We have not as yet done that; there has been no attempt to do so, even though we may have a research council. This will mean a great amount of planning by the government, but I think it ought to undertake that planning so that people who have been out of work for years may have some hope; at present they have none.

We have been told in the past few days that we have natural resources, wealth in abundance, all of which is quite true. We have in this country enough wealth, actual and potential, more than to satisfy the needs of the entire population; yet our resources are lying idle and men by the hundreds of thousands are walking the streets who would be only too anxious to render useful service if they were given the opportunity of doing so. I would impress upon the minister, whose heart I know is as big as that of anyone in the house, the need of doing something to deal fundamentally with the hundreds of thousands who are out of work, the main body of whom are and want to be good citizens.

The unemployment problem practically began in 1929 and when it became a little more severe in 1930 some hope was held out that by certain legislation the problem would be solved. But in 1931 it became worse, it was still worse in 1932, and now in 1933, when it is becoming even more acute, very little encouragement is being given to men out of work. About three months ago we were told there were 800,000 people in receipt of relief, and a few weeks ago we were informed that this number had increased to 1,350,000. This gives some indication of the seriousness of the situation with which we are confronted. I hope when we meet after the recess to-night the Minister of Labour will tell the house, the unemployed and the people of Canada

generally, that the government has a method of dealing with the question that will hold out to our people at present unemployed some hope of having their condition relieved in order that they may become useful citizens.

Mr. POWER: Just before six o'clock I should like to ask the minister a question to which perhaps he will have an answer for me after the dinner recess. I have endeavoured to get from the orders in council which have been published a statement of the amount of money which has been lent to the different provinces. I know that is published somewhere, but I have not been able to get it in the form in which I think it would be most intelligible, at least to me. I have compiled a kind of table which I shall send over to the minister, but which is not for use in Hansard, and I would ask him if he would have it corrected by his officers in order that I may be able to put it on Hansard in corrected form later during the course of the debate.

Mr. GORDON: It would be difficult between now and eight o'clock to have that done, but I shall have it done just as rapidly as possible.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The CHAIRMAN (Mr. Ross): Shall clause 1 carry?

Section agreed to.

On section 2—Agreements with provinces.

Mr. HEAPS: Has the minister the figures for the province of Manitoba for last winter?

Mr. GORDON: Those figures have been put on Hansard.

Mr. HEAPS: If they are on Hansard I will not ask the minister to give them again. Has there been any request that the Dominion government should contribute more than 33⅓ per cent of the cost of relief?

Mr. GORDON: I have no specific request for an increased percentage. The matter was discussed with representatives of the province some time ago but no specific request was made. It was more in the nature of a general discussion as to the position in Manitoba.

Mr. HEAPS: In regard to the other western provinces as well, has not the question been raised that the federal contribution should be more than 33⅓ per cent?

Mr. GORDON: The matter came up some months ago, and as a result the Dominion government has assumed 100 per cent of the cost of taking care of single homeless men and women. That is as far as the matter has progressed.

Mr. HEAPS: Will the government consider, particularly in regard to the western provinces, where the burden of maintaining the unemployed bears heavily on the funds of the municipalities and provinces contributing a larger percentage than the 33⅓ per cent—raising that say to 50 per cent?

Mr. GORDON: A matter of that kind would of necessity be a matter for negotiation after this legislation passes the house. The western provinces have problems that are probably a little different from those of the eastern provinces, but at the same time I have already drawn the attention of the house to the fact that in the city of Winnipeg about two or three months ago jobs on farms in Manitoba at current wages were offered to upwards of eight hundred men, and those jobs could not be filled. The same thing applied to Saskatchewan. We are confronted with problems of that kind. It is most difficult getting a certain class out to work. However, with respect to what the hon. member has said, after this legislation passes the house, if it is made to appear to the satisfaction of this government that the three western provinces or four, or any other provinces, acknowledge their inability to carry on their legislative functions, that matter will have to be reviewed, of course, by this government and some conclusion arrived at.

Mr. HEAPS: In reference to the jobs which the minister claims were waiting for individuals who would not accept them at the going rate of pay in Manitoba, as I understand the administration of unemployment relief in Manitoba persons who are not willing to accept at the going rate of pay jobs that are offered them are cut off from relief.

Mr. GORDON: They should be, but it is most difficult to cut them off because there is in that province and elsewhere in Canada a studied effort to consolidate that state of affairs and raise difficulty and trouble. It is a difficult problem to handle.

Mr. DONNELLY: What has the back to the land or back to the farm movement cost the government during the past year or since this government took office?

Mr. GORDON: In the province of Saskatchewan, accounts have been received for $19,000, which have been paid.

Mr. DONNELLY: I am not surprised that the minister and some of the members on that side of the house are rather optimistic about this back to the farm movement. In every back to the farm movement in this or any other country the experience has always been the same. For the first two or three years everybody would be optimistic about it. For example, the soldier settlement scheme in this country was hailed for two or three years as a great success, but even in good times soldiers settled on the land have not been able to make a success of it in western Canada.

Mr. GORDON: All of them?

Mr. DONNELLY: Practically all of them.

Mr. GORDON: No.

Mr. DONNELLY: The large majority of them have been unable to make their payments and have had them written down two or three times, and the settlers generally are in great distress and difficulty at the present time. I do not know how it is in eastern Canada, but the chances of these soldier settlers in western Canada being able to make their payments under present conditions are very slight. They have had difficulty in doing so even in the best years. With farm conditions what they are, how any government can expect to take people out of the city, transplant them on the farm, and make them successful farmers overnight, is more than I can understand. It is all very well for professional men, for lawyers, to talk of taking people out of the city and making successful farmers of them, but the farmers know that to-day it is absolutely impossible. Why, in western Canada to-day the municipalities do not even sell the land for taxes because they cannot get any bidders. They go out and seize the crop for taxes, but they do not attempt to sell the land because it would not raise the price of the taxes. But this government imagine that they can take this land that has been sold for taxes, on which some other farmer has not been able to make his payments and so has had to let it go, and settle on it a man from the city and make him a successful farmer. To my way of thinking such a procedure is bound to fail. No doubt the man will take the $500 and go on the farm; he will go to the backwoods and stay there a year or so until the $500 is spent, and then he will come back to the city. I do not blame him; he has to live somewhere. But how the government can expect to establish men from the city on these farms—they have to buy horses and machinery and live a year or so until they get a crop—I do not know; certainly it cannot be done in western Canada.

There is another scheme that might be successful in some sections of the country. You might go two or three miles outside some of our cities, for example Ottawa, buy five or ten acres of land, take a man from the city, who may be a plumber or a painter or a carpenter, put him on that land, and let him have a little home there, keep in touch with city affairs, and supplement his earnings in the city with what he can produce on the farm. He could have a little garden, a cow, a pig, a few chickens, and in that way make a living. But it is useless to put him away out in the country two or three hundred miles from civilization—and in western Canada he will have to go out from the centres of population; you cannot pick up farms within five miles of Regina. We had people coming from Europe a few years ago expecting that they could get a homestead within a mile of the city hall in Regina. But the homesteads were all taken up within forty or fifty miles of the railroad—

An hon. MEMBER: They were not sold for taxes then.

Mr. DONNELLY: No, but they are not being sold now because no one can be found to buy them. Only the municipalities were buying, and cannot do it now. I know people in my district who are anxious to get out, but they cannot get any help from the municipalities, because the municipalities are broke. We are keeping our schools open by having the teachers board from house to house and take notes for their pay. The municipalities cannot put up their one-third to send these people out; our province is broke. It may be able to borrow money from this government to pay its third, but it does seem to me that people in that district should get some help from the government if they wish to get out into other districts. This scheme of taking people from the city and sending them long distances into the country is bound to be a failure. The Canadian Pacific Railway had an irrigation scheme some years ago, and those who were in the agriculture and colonization committee heard Mr. Beatty say it was an absolute failure. We know that the same was true of the soldier settlement scheme, and it is bound to happen to this. It appears to me that the idea of this back to

the land movement is simply to get the people away from the towns—get them out of sight. They imagine that anybody can be a farmer who cannot do anything else. That is wrong; farming to-day is just as much a skilled occupation as carpentering or plumbing or any other. Only those who have been brought up to it can make a success on the farm, and even they are not able to make anything to-day. No occupation in the dominion is as hard hit by present conditions as farming.

Mr. HEENAN: Mr. Chairman, section 2 provides for agreements with the provinces, "upon such terms and conditions as may be agreed upon," I was wondering if there was any uniformity in these agreements. The act contemplates that the province shall take the initiative in presenting its case to the Dominion government. Last year I drew the attention of the minister to the fact that the Minister of Lands and Forests for Ontario had gone to the town of Kenora and there made the statement that the only direct relief that would be given by the Ontario government would be dollar for dollar of contributions made by private individuals. Last summer I was home and I found that it was carried out in that way. The population of the town of Kenora is composed chiefly of working men. We have no people there who can contribute large amounts; they are chiefly railroad and paper mill and flour mill workers working part time. The business of the railroads is very slack, and the railroad men have given up a large proportion of their mileage so as to divide it up, therefore they have nothing to contribute. When some of the unemployed went to the town office they were told there was nothing in the fund because the provincial government or the federal government had not made any contribution, no fund having been raised by the citizens. I was wondering if the minister would not consider arranging that in the event of the province not complying with the provisions of the act, the town council or some local body could apply to the federal government for relief.

Mr. GORDON: The same policy is pursued with respect to Kenora as in the case of other towns.

Mr. HANSON (Skeena): Some time ago I had a communication from Prince Rupert, British Columbia, saying that they had been unable to meet the payment on their bonds owing to the fact that the provincial government was unable to come through with the relief money, and the city had been obliged to use the money to meet the relief demands in the city. I wonder if the minister knows anything about it, or if any representation has been made to him, and if the difficulty has been settled by now. As the previous speaker said, if the province is unable to meet such demands there should be some way by which the municipality could approach the federal government directly.

Mr. GORDON: As far as the Dominion government is concerned, the accounts that come in are reviewed, audited as far as they can be, and paid promptly. With respect to the municipal bonds the Dominion government of course knows nothing.

Mr. HANSON (Skeena): I realize that, but as it was presented to me, Prince Rupert was unable to meet this bond interest payment because the bank refused any further advance and the money had been used for relief purposes while awaiting relief funds promised by either the federal or the provincial government and which failed to come through.

Mr. GORDON: I can only reiterate what I have said, that as far as our contribution under the arrangement is concerned, it has always been made promptly to the province. We have no intimation concerning the subject matter of the hon. member's observations.

Mr. BRADETTE: Mr. Speaker, it came to my notice last week that the Ontario legislature voted only $3,000,000 for the northern development branch. I say "only" purposely, because it is the first time since the inception of that department that such a small amount was voted by the Ontario government. In other years the minimum sum has been $5,000,000; in fact in 1930 the Ontario government voted $10,000,000 for that purpose. In my section of the country the people are asking why the provincial government is curtailing the amount of money voted for the northern development branch; there is more unemployment now and more work is needed this year than ever before. Of course the only answer that can be given is that the Ontaro government is loading some of its responsibilities on the federal government under this act, and that they expect the federal government to spend more money in northern Ontario in unemployment relief than was spent in previous years. I do not think this is a proper attitude for the provincial government to adopt, and I say that because I believe the two governments work closely together. Some of the higher officials of the northern development branch are even handling the relief in that part of the country at the present time.

This brings me to the question of the trans-Canada highway. I am sure that this sum of $3,000,000 will not be sufficient to provide necessary roads in the north, which may affect some of the men placed on the land under the back to the land movement, and there is the other fact that it will be impossible to continue work on the trans-Canada highway. This is a matter of great importance in northern Ontario. I should like to ask the minister if he would be kind enough to say what is the intention of the federal government with regard to making up the difference between the usual vote of $5,000,000 and the vote this year of $3,000,000 for the northern development branch. Then I should like to know what amount of money has been spent in connection with the construction of the trans-Canada highway. Only a few days ago here in Ottawa one of the engineers of the northern development branch said that a good deal of work had been done along the north shore of lake Superior, but in my section of the country, which is the most logical route for the trans-Canada highway, there has not been a bit of work done in the last two years. The Minister of Labour was most emphatic in his statement with regard to the trans-Canada highway during the last election campaign.

Mr. GORDON: Surely the hon. member does not mean that not a cent has been spent; surely he knows that many hundreds of thousands of dollars have been spent on what is known as the Ferguson highway. Why, one bridge alone that was built last year cost over $100,000.

Mr. BRADETTE: If my information is correct, the bridge that was built at Englehart was paid for by the northern development branch and not by money voted by the federal government.

Mr. GORDON: Quite so.

Mr. BRADETTE: But I understand there is an agreement between the federal and provincial governments that the cost of the trans-Canada highway is to be divided equally. We have no grudge against any other section of the country, but in the Ottawa valley section, from Mattawa to North Bay, a great deal of employment has been given to a number of young men during the last two years. I have no quarrel with that, but I think the same thing should be done in my part of the country. I am told also that thousands of men have found employment in the construction of the trans-Canada highway along the north shore of lake Superior. We maintain that the only logical route for the trans-Canada highway is over the Ferguson highway, and if that route were followed a tremendous amount of money would be saved. The minister does not seem to agree with me, though we agreed during the last election campaign; even my opponent said that the trans-Canada highway should go over the Ferguson highway. We are not parochial in our ideas; we realize that the southern section of the northern part of the province is entitled to connection with the trans-Canada highway, but we think our case should be considered also. This work should be started now. Two roads will converge some place west of Hearst, south of lake Nipigon, and work should be proceeding now, but I am sorry to tell the house that not a bit of work has been carried on with funds provided by this government so far as the trans-Canada highway is concerned in my section of the province.

I wonder if the minister would be good enough to let me know, if he has the documents before him, what amount of money was spent last year and the year before on the construction of the trans-Canada highway in Ontario.

Mr. GORDON: The construction and routing of the so-called trans-Canada highway have been subjects of some interest to all members of this house and of the assembly at Toronto for many years. At one time I believe the hon. member for North Timiskaming was not a very enthusiastic supporter of that scheme; there has been some doubt as to whether he voted for or against a certain resolution, but at any rate since the change of government the hon. member has been most active in his support.

It has been said in this chamber that I was a supporter of that projected road. Let me say that I have advocated the construction of roads in northern Ontario for over a quarter of a century, and I still advocate it. Of necessity, however, the location of the trans-Canada highway must be determined by the provincial authorities; the Dominion government has no right to go into a province and say that a road shall be constructed by the dominion here, there, or elsewhere unless it is on land owned by the dominion. So far as I am aware, and I believe I am correct, the province of Ontario has not yet indicated where in its judgment that road should cross the part of northern Ontario to which the hon. member has referred. I do know, as I am sure my hon. friend knows, that the northern development branch has constructed a very splendid highway from North Bay to the home town of the hon. member and west

for a considerable distance, passing through a splendid territory from the standpoint of both agriculture and mining. Under the various relief measures the Dominion government has contributed towards the cost of the construction of the trans-Canada highway where the route has been determined by the provincial governments; to date our contribution under the successive acts totals about $4,020,000. I believe those figures to be accurate; I have just abstracted them from the books. There may be some slight change, but approximately that amount has been contributed for that purpose.

Let me reassure my hon. friend who in these later years has been a sturdy advocate of the construction of a trans-Canada highway, though at one time—and I have no doubt he had reason for his action—he was not so anxious to see that road projected. At all events I offer him my congratulations now on his agreement with what I always considered to be a sound public undertaking, and I can assure the hon. member that as soon as the province indicates where the balance of that road should be located, this government will implement any promises made—although personally I made none—with regard to the construction of that road. I can well understand that Ontario as well as the other provinces must go a little slowly in the matter of expenditures, but I would point out to the hon. member for North Timiskaming that, if we can rely upon the press, and generally speaking we can, the present leader of the Liberal party in Ontario has said repeatedly that the expenditures in northern Ontario should be curtailed. I have read these speeches many times in the Ontario press of all shades condemning such expenditures in season and out of season. Now, one cannot blow hot and cold in these matters. So far as the trans-Canada highway is concerned, I can only reassert what I said a moment ago, namely, that so far as this government can carry out its promises, having regard to the financial situation, this will be done. The number of men who were actually employed in that part of northern Ontario in the month of February this year was 13,442, so that the hon. member will see that there is a good deal of activity looking towards the completion of the road.

Mr. BRADETTE: I appreciate some of the information given by the minister, but I cannot allow a personal attack upon myself to pass without offering some defence. The minister said that in this house I voted against a certain resolution with respect to the trans-Canada highway. I challenge any member of this house to prove that such a resolution has at any time been introduced in this house while I have been a member. It is true that on one occasion a resolution was brought forward but it had no reference to a trans-Canada highway; there was no mention whatever in that resolution about such a highway. I am referring to the Kellner resolution. The resolution in question was simply one asking the federal government to grant certain sums of money to the provincial government for the building of roads. I repeat, because this is important, that there was no mention either directly or indirectly, of a trans-Canada highway so far as that resolution was concerned. I can assure the minister that had there been any proposal with regard to the trans-Canada highway in that resolution I would have voted for it; I would have raised both hands for it. I do not want statements of this kind, a statement such as the Minister of Railways also made two years ago, to go unchallenged, for I certainly never did vote against such a resolution. I have always been in favour of that road and I do not think it is fair for the minister to make such a statement. In the year 1926 no resolution was brought forward dealing with the trans-Canada highway or I would certainly have supported it.

May I point out that the Minister of Labour was as strongly in favour of a trans-Canada highway passing through his section of the country when he took part in the last general election; he was for it as much as I have ever been, or as much as my opponent or any Conservative candidate in that part of the country at that time. He cannot get away from that responsibility now. I hope that as a minister he has been using his influence with the cabinet to have the highway routed through that section, but the federal government is now shifting the responsibility on to the provincial government. We have the statement of Mr. Ferguson and Mr. Henry that in the last three years there have been parties of surveyors working west of Hearst and south of lake Nipigon, and it would have been just as easy for those parties during that period to investigate the route through my section as to investigate the route along the north shore of lake Superior and make a definite report.

I am sure the minister wishes to be fair to me and to the house, but I must tell him once more that there never was a measure introduced in this house which had anything to do with the trans-Canada highway and which I voted against. I challenge any hon. member who has been in this house during the

last six years to prove that I have ever voted against a proposal of that kind. As regards expenditures voted in connection with the northern development branch, let me say that while I hold no brief for the present Liberal leader in Ontario, I certainly do know that he has never decried any money spent in northern Ontario. He did urge the curtailing of certain governmental expenditures but he never said a word against any moneys spent in connection with the northern development branch. I want to have that also clearly understood, because it is not fair for the minister to insinuate that it was due to the influence of the present Liberal leader in Ontario that the expenditures for the northern development branch were reduced by $2,000,000.

Mr. GORDON: It is $3,000,000.

Mr. BRADETTE: The reduction is from $5,000,000 to $3,000,000. The vote is now $3,000,000. The minister implies that this reduction came about through the influence of the present Liberal leader in the province.

Mr. GORDON: I did not mean to imply that.

Mr. BRADETTE: Anyone who listened to the hon. gentleman will have inferred just what he meant. He seemed to me to imply that the responsibility rests entirely with the Ontario government, and I must take issue with that statement. I sincerely hope that the minister will find it possible to be as determined in his advocacy of the routing of the trans-Canada highway through that section, now that he is in the cabinet, as he was during the last general election. For my part, I am as much in favour of it to-day as I was ten years ago.

Mr. HEENAN: I had not intended to discuss this matter until the minister mentioned the Liberal leader in Ontario.

An hon. MEMBER: Which one?

Mr. HEENAN: Mr. Mitchell Hepburn, who will be Prime Minister of Ontario after the next election.

Mr. BELL (Hamilton): What will Mr. Sinclair be?

Mr. HEENAN: I have been on the platform with Mr. Hepburn as much as any other man in Ontario and I hope to be with him until we get the Tories cleaned out of the province.

Mr. McINTOSH: That will not be long.

Mr. HEENAN: I have never heard him say that he proposed to cut down the expenditures in northern Ontario. The statement I have heard him make over and over again is this, that he proposes that the money that will be spent in northern Ontario shall be spent in the interests of the people instead of building up a dirty, rotten Tory organization. These are his words and I second the motion. With respect to the highway, I recall that I was in the maritimes when the Prime Minister promised a highway to be paid for entirely out of the federal exchequer. More than that, I have in my room a copy of the Halifax Herald, dated between the 10th and the 15th of July, 1930, in which there appears a letter which he actually wrote to the people of the maritimes, declaring that if elected on the 28th of July he would begin the immediate construction of a highway to be paid for entirely out of the federal treasury. So that I do not think the minister is doing himself justice in trying now to shift the responsibility to the province.

We all know what difficulties there are in relation to the question of jurisdiction, but I suggest that when a gentleman appears before the public, especially a gentleman aspiring to the office of Prime Minister of Canada, and gives a definite pledge, he ought to keep that pledge; he should regard it as sacred. I recall another thing he said in the maritimes. He said, "I here and now ask every member elected in the maritimes to vote against me in the House of Commons if I do not carry out these pledges."

An hon. MEMBER: How about reforming the Senate?

Mr. HEENAN: It will never be reformed until my friend gets into it, and the sooner the better for the House of Commons. I asked the minister a question with regard to a matter of which I have personal knowledge. The unemployed workmen in Kenora went to the mayor's office and asked for relief and were told that there was no money in the fund; the Minister of Lands and Forests had said that there would be no money forthcoming for the assistance of unemployed workers in Kenora unless private persons contributed, and then they would pay dollar for dollar. The minister got up and made a statement which I could hardly catch, but his answer, as I am informed by some hon. gentlemen sitting around me, was that Kenora would get the same treatment as every other part of the country. Is that the treatment being handed out in all parts of the country? Is there no direct relief or anything else given out unless private individuals contribute to and build up a fund to which the dominion and the provinces contribute dollar for

dollar? I am sure that that is not the treatment being handed out all over the country.

The minister has limited this vote to $20,000,000 for direct relief, and has stated that at various periods there have been upon direct relief a total of 1,357,000 men, women and children. Does he expect that that number will be reduced next year when his government is putting through a railway bill which will throw thousands and thousands of railway employees out of work? Dividing 1,357,000 into $20,000,000 gives about four and one-half cents per head per day. Surely that is not enough to ensure the unemployed food, clothing and shelter. Like the hon. member for Winnipeg North Centre (Mr. Woodsworth) I am disposed to say that I do not know what to say when I face a labour audience or when I meet the people in my own riding.

Mr. GORDON: I venture the opinion that whatever it is, the hon. member blames it upon this government.

Mr. HEENAN: There is no one else but this government to blame. When my hon. friends went through the country in 1930 there were 117,000 unemployed and they claimed that that unemployment existed because of the fiscal policies of the Liberal party. The number of unemployed to-day is nearer to 800,000 than it is to 100,000.

An hon. MEMBER: How about giving up your engine?

Mr. HEENAN: If my hon. friend is ashamed to put on overalls, I am not.

What did my hon. friends promise during the last elections? They said that if they were elected they would end unemployment or perish in the attempt. They made the specific promise that they would take over the question of unemployment as a national obligation. They said if they were elected they would bring the boys and girls back home. The boys and girls are back home, but what are we going to do for them? Are we going to send them up into the northern Ontario camps and pay them $5 per month and their board?

Some hon. MEMBERS: Carried.

Mr. HEENAN: That is about the only thing a Tory can do, cast ridicule upon the unemployed and their misery.

An hon. MEMBER: Rot.

Mr. BELL (Hamilton): I never knew a Tory that did it.

Mr. HEENAN: They put into effect tariff policies which cut the trade of this country by more than fifty per cent, they throw thousands of railway men out of work and then offer a policy of unemployment relief. When one of us on this side refers to the misery which exists in his own particular riding, he gets nothing but the usual "ha! ha!" from the Tory ranks. Mr. Chairman, I suggest that if some of the hon. members to your right would prefer to laugh and snort and sneer, they would be better in the smoking room where they belong. Last night we asked some civil questions of the minister and after a great deal of trouble we obtained some of the information we required but not all.

Mr. BELL (Hamilton): They ought to be intelligent questions.

Mr. HEENAN: When we mentioned unemployment insurance the minister did something which I did not think any minister of the crown would attempt to do. He read a letter which I had written in connection with unemployment, and then took another letter from another file dealing with unemployment relief. He then said: "That is what the former minister said with regard to unemployment." I have files in my office which will show that the former government petitioned or canvassed the provinces in connection with a scheme for unemployment insurance. This file shows also that some of the provinces were willing to join any federal scheme in this connection. It does not do the minister any good to adopt such tactics. Whether I am in or out of this house, I do not intend that the Minister of Labour or any hon. member on the other side shall misrepresent the position taken by myself or by the government of which I was a member.

Mr. BELL (Hamilton): In or out, it will not make any difference.

Mr. HEENAN: It would be better if some people were out.

Mr. BELL (Hamilton): You are the first; start it.

Mr. HEENAN: I say to the hon. member; it won't be long now.

Mr. BELL (Hamilton): You are right, why not go now?

Mr. HEENAN: If the government cannot give more encouragement than they have given to the unemployed, they ought to resign like men and go to the country and let a government be elected which would do something.

An hon. MEMBER: Not a five cent piece.

Mr. HEENAN: If you divide the money you are voting by the number of unemployed you will find you are not giving even a five cent piece, you are giving about four and one half cents. The minister says that we are on the upturn and it is encouraging to know that we are pulling down the cost of unemployment relief from $46,000,000 to $20,000,000. But he admits in the same breath that the number of unemployed is increasing. Apparently we all should be tickled to death at the fact that while the number of unemployed are increasing, the government is spending less upon them. But that is the usual Tory policy.

We always have unemployment when a Tory government is in power. I advise my hon. friends who are sneering and laughing to call another convention to meet in the city of Winnipeg and change their name from the Liberal-Conservative association to the hard time party of Canada. I recall a member of the government standing up in 1921 and saying: "Mr. Speaker, why have we unemployment in this country? We have unemployment because the labouring men will not give a fair day's work for a fair day's pay." He said that the men were malingering in the industries, the same words as used to-day by the Minister of Labour.

Mr. GORDON: I never said any such thing.

Mr. HEENAN: The minister used the word "malingerer." If I had stood up in my place while I was Minister of Labour and used that word as the present minister has been using it, I do not know what would have been said about me. In 1921 a member of the government said that these men were malingering in the industries of the country which were going bankrupt because the men were not giving a fair day's work. He said that it took such a period as was then being faced by the country to bring the men to their senses and induce them to give a fair day's work. That was said in 1921, and I do not think the Tory psychology has changed since.

We ought to have the required information from the minister. We ought to know whether or not the government are going to build the trans-Canada highway, which the Prime Minister promised to do, not only in his speeches but in letters written to the newspapers. If they are not going to do it, or if they are going to postpone it, we ought to know something about the matter, but at least we ought to know what their intentions are.

[Mr. Heenan.]

As under section 2 there is provision for making agreements with the provinces, I should like to ask the minister this question: Will the agreement contemplate that private organizations shall disburse money and then be reimbursed by the province and the dominion? For instance, take the air force, branches of the Canadian Legion, sailors' unions, labour organizations and so on. Would they have the right under the agreement made with the provinces, to disburse their money through their membership, and then be reimbursed by the province and the dominion?

Mr. GORDON: I will read the arrangement with respect to the matter to which reference has just been made. It is contained in the instructions to the Auditor General, P.C. 2163:

> And that, further, the commissioner of unemployment relief and the Auditor General be authorized to accept accounts from the provinces under clause one of the agreements entered into under the Unemployment and Farm Relief Act, 1931,—

And this continues and applies to the present legislation.

> —and to pass for payment the accounts for the dominion contribution to the expenditures reported by the provinces as having been made by the municipality, including in such municipal expenditures amounts voluntarily contributed by individuals, business firms, or associations, to the municipality, providing that such amounts have been utilized solely for relief purposes, and have been expended under the jurisdiction of the municipal authorities, and provided that such funds have not been raised by arbitrary deductions from wages payable to those engaged on relief work.

Mr. STEWART (Edmonton): I should like to find out from the minister whether organizations mentioned in section 2 will have to secure their payments through the agency of the province or directly from the federal government.

Mr. GORDON: Section 2 of the bill contemplates that the federal government shall enter into agreements with the provinces and, as in the past, payments will be made to them. We of course could not pay to the municipalities because, if we did, the task would become hopeless.

Mr. STEWART (Edmonton): The clause to which I refer reads:

> Upon such terms and conditions as may be agreed upon,—enter into agreements with any of the provinces respecting relief measures therein; grant financial assistance to any province by way of loan, advance, guarantee or otherwise; loan or advance money to or guarantee the payment of money by any public body, corporation or undertaking.

I note the remainder of paragraph (a) gives the government power to do anything. But my question is this: Would the payment to such body or corporation as is mentioned in the section have to be made through the agency of the province?

Mr. GORDON: No.

Mr. STEWART (Edmonton): Then the government, in addition to guaranteeing as provided for in paragraph (a), undertakes to deal with anyone in or out of the province. Is that the interpretation?

Mr. GORDON: The paragraph is exactly the same as the one in last year's legislation.

Mr. HEENAN: The question I wanted to ask the minister is this: Under P.C. 1423 of June 20, 1932, there were paid out for direct relief some moneys which had been disbursed by the Navy League of Ontario. At the moment I am not objecting to this, but will the minister recognize payment of moneys through the heads of the labour unions or the air force or the returned soldiers' organizations? Is that what is contemplated under this legislation?

Mr. GORDON: I am afraid I do not just follow the hon. member.

Mr. HEENAN: I will send the minister a copy of the order in council.

Mr. GORDON: I see now the hon. gentleman's point. A payment of that character would be made through the province.

Mr. HEENAN: I know that. That money is disbursed by the Navy League of Ontario, which is a Toronto organization, to unemployed sailors and ex-sailors and their dependents. Then the provincial government no doubt gives the navy league the money and the Dominion government reimburses the province to the extent of one-third. Is it contemplated that the same thing would be permitted through other organizations, that is trade unions, branches of the Canadian Legion, the air force, or any similar organization that has a body of unemployed persons in its membership?

Mr. GORDON: If a province made representations to us along the lines suggested, and if the need were apparent, I would be prepared to give the matter very serious consideration, because it might easily be that that agency to which the hon. member has referred might be the best and most efficient one to disburse such money. But at the moment I cannot say that that would be the general policy.

Mr. HEENAN: When I noticed the order in council, I thought—and I see the minister agrees—that one of the best methods of looking after unemployed workmen might be through their unions.

Mr. GORDON: It might be; that is a matter which might be considered.

Mr. HEENAN: In many countries there are similar schemes whereby the government contributes through the labour unions. When I saw that order in council, it gave me encouragement to think the minister might adopt the scheme in a more general way instead of just through one particular organization.

Mr. HEAPS: I know some of the organizations that have been in receipt of the grants just mentioned and I know they have been doing very good work for the money received. Is the minister in a position to give the committee information as to the private organizations that have been in receipt of such relief as a result of grants from the federal treasury? Would the minister also give the amount expended up to date through private organizations?

Mr. GORDON: I have not the information before me. There have not been many such organizations. Whatever disbursement has been made, has been made through the provinces, but I think some of the provinces have adopted certain organizations which have a structure set up in the municipalities and which help to take care of needy people within their boundaries. Some of the provinces have used such organizations for the purpose of disbursing unemployment relief to families.

Mr. HEAPS: If I understood the minister correctly, the government have no objection to such services being given by private organizations under the jurisdiction of the local authorities?

Mr. GORDON: I think that is a fair way of putting it. If the local authorities consider that the organization has an efficient staff accustomed to taking care of these cases, and that its services can be utilized for the purpose, I cannot at present see any reason why those services should not be enlisted in order that the system of distributing relief may be more easily carried on, and probably at less expense.

Mr. REID: We have an organization in the municipality of Burnaby named the Army of Common Good, eight or nine hundred strong, composed of people who have gone out to

help themselves, and I do not suppose there is a finer organization in the whole of Canada. They have gone out cultivated vacant parcels of ground, cut wood, et cetera, which they sell for firewood. Last year they comprised with their dependents some 3,000 altogether. They have not been dependent entirely on relief, but they require a little wharf or float on which to land their wood. This is an organization that should be helped. Would they have any chance of getting assistance from this government in view of the fact that they have gone out to help themselves?

Mr. GORDON: I am glad that the hon. member is able to report an organization of that character doing so well. I think their effort is to be very highly commended. If during the course of their work, and until they can get into some more paying vocation they should fall on misadventure I think the attention of the proper provincial authorities should be called to the organization and what they are doing so that if the organization needs any assistance in carrying on its work, it can be given consideration.

Mr. REID: They have, I believe, drawn the attention of the provincial government to their need for this wharf, but up to now they have not received any help at all. I repeat, these people are not on direct relief; they are out to assist themselves, and I do not believe there is another organization in the whole of Canada that has accomplished and endeavoured to do what this one has done. Their whole object is to maintain themselves and to keep away from relief, and so they are cultivating gardens and sawing firewood, doing any kind of work to help support themselves. In view of the fact that they are in need of and have asked the provincial government for a wharf and been refused, I am now asking would they receive consideration from the federal Department of Labour?

Mr. GORDON: Again I have to reiterate that I could not make or recommend any payment directly to that association, although I may say that I have heard of the work of these people to whom the hon. member refers, and in my view it is a fine illustration of what people can do if they set their minds to it. If they do fall on misadventure and cannot carry on or are unable after this work is finished to get into some other activity, I would urge them again to present their case to the provincial government, because I feel

that their case should be given every consideration and that they are entitled to commendation for what they have done.

Mr. REID: They are not asking for financial help, but for a wharf or float on Burrard inlet so that they can land the wood which they cut and deliver to the homes of people purchasing it. They have not the money to pay for it themselves. Such an undertaking I understand is a dominion responsibility, and I would ask the minister if these people will receive consideration in the matter of this wharf.

Mr. GORDON: So far as I am aware there has been no request for a work of that character. Now that the circumstances have been explained to me a little more fully I would think that that work could probably be undertaken by the federal government, although we might be criticized, and perhaps justly so, for having invaded the time-honoured procedure of providing for the work without placing a vote in the estimates. But if it is made to appear that this wharf is very closely associated with relief work—

Mr. REID: Yes, it is.

Mr. GORDON: If the wharf is necessary in order to make that work a success which these eight or nine hundred people are carrying on in order to sustain themselves, I think at the risk of doing violence to that time-honoured procedure I might consider torturing it a bit.

Mr. MACKENZIE KING: Listening to the minister read the order in council a moment ago, I thought I heard him say that it applied not only to corporations and organizations but to individuals; that any individual who had made a contribution for relief purposes might have his money paid back to him.

Mr. GORDON: No, that is not the construction.

Mr. MACKENZIE KING: It said something about individuals.

Mr. GORDON: The clause contemplates that where individuals have contributed voluntarily to the coffers of the municipality for the purposes of relief—because there are a few cases in Canada where the municipality as such has been unable through its regular tax collections to take care of its obligations with respect to unemployed and needy or indigent persons within its boundaries—we

have treated that as a contribution by the municipality, thereby enabling the province and the dominion to contribute their share.

Mr. MACKENZIE KING: It is making the community contribution synonymous with a municipal grant?

Mr. GORDON: Yes.

Mr. MALCOLM: Might I ask just what is meant by the word "corporation" in section 2? Does that mean an industrial firm?

Mr. GORDON: I would say that it did. While "corporation" is a very broad term when used as such, yet a public corporation to which this government would be justified in subscribing moneys must not in my view be such that its failure would have a widespread effect upon the general business of the country. I do not think this government would be at all justified in making indescriminate grants to corporations. At least I would not subscribe to it.

Mr. MALCOLM: My reason for asking the question is that it would appear that under clause (d), section 2, which permits the government to lend or advance money to corporations, a province might very well subsidize the pay-roll of an industry within its borders. If that were done, would the minister make a contribution towards subsidizing the pay-roll in order to lessen unemployment in the community? Or has the minister any knowledge as to whether that practice has ever been followed in any of the provinces, other than the grant made to the Canadian Pacific Railway?

Mr. GORDON: I have no knowledge of its having been done; in fact I am sure it has not been done in any instance. The only exception in the past under the other relief act was the first advance of about $1,400,000 to the Canadian Pacific Railway Company and then the $1,000,000 which has been authorized but not yet paid.

Mr. MALCOLM: Has the minister any knowledge, or can he deny, that advances have been made by a province to industrial firms to subsidize pay-rolls?

Mr. GORDON: I am not in a position to state whether or not a province has done that, but I know we have not contributed to it.

Mr. MALCOLM: I would submit to the minister that subsidizing the pay-roll of an industry in order to relieve unemployment within a municipality might have very far-reaching and disastrous effects on competition in another province. Inasmuch as it has been suggested—I can find no proof of it; nevertheless it causes some anxiety—that in some cases the provincial government has actually subsidized the pay-roll of an industry in order to keep men employed rather than have them go on relief, it seems to me the minister should have some control over a practice of that kind. If not, he is putting industry in other provinces at a very unfair disadvantage compared with the industry to which such treatment is given.

Mr. GORDON: I think I can assure the members of the committee that this government would not be a party, and certainly has not been in the past, to any contribution for the purpose suggested. I can readily see that it would result in exactly what the hon. member has pointed out.

Mr. EULER: If such a practice were indulged in by one province, would the minister's department necessarily know about it, and has he any check upon it?

Mr. GORDON: We would not know unless we were asked to contribute. But if application were made to the government to contribute we would immediately inquire into all the ramifications of that industry, and I can assure the committee that this government would not make a contribution that would result in the situation suggested by the hon. member for North Bruce (Mr. Malcolm). Of course we do in effect subsidize some industries in this country, like the coal industry, but that is covered by legislation.

Mr. EULER: That is statutory; we understand it.

Mr. MALCOLM: I have no objection to the statutory subsidy to which the minister refers. But I would like to ask the minister if he can secure information from the provinces as to whether or not they have through their own treasuries subsidized the pay-rolls of any industry.

Mr. GORDON: I am afraid I will have to answer by saying that I have enough trouble on my hands without going on a prospecting trip to find what the provinces are doing.

Mr. EULER: Following that a step further, may I ask whether, if the provinces did enter upon that practice of subsidizing industries, it necessarily follows that they specify all the

expenditures they make when they apply to the federal government for its share of the cost? Does the dominion know exactly what the money is being expended for?

Mr. GORDON: Yes. The department knows what the money is being devoted to. The information that accompanies the certificate of expenditure from the province discloses the purpose for which the money is asked. And of course the Auditor General again checks the expenditure to see that it falls within the agreement and the statute. This part of the legislation referring to corporations I can well understand must be given the most careful attention, and it would be with great reluctance that advances would be made to public corporations, such as the advance to the wage earners on the Canadian Pacific Railway. It would have to be a very special case. The danger that has been pointed out by the hon. member for North Bruce would be one of the first questions that would have to be looked into, because undoubtedly if such a practice were adopted, in even one instance, it might easily result in very unfair competition, and dislocation of industry, which would be regrettable, and for which, of course, this government would be held directly responsible.

Mr. MALCOLM: I am very glad the minister has made that statement. Inasmuch as this relief money is voted jointly by the federal and the provincial governments, there should be some understanding between the federal and provincial authorities that such a practice shall not obtain. The fact that one province might subsidize an industry within its borders by granting it so much money towards its pay-roll would simply mean that that industry would be enabled to cut prices to the disadvantage of like industries in other provinces. It is a practice from which no good could come, but only strife, both for the wage earners and the manufacturers in other provinces. As the federal and provincial governments are carrying on this relief work jointly, I think the minister should have an understanding that no such unfair practice can possibly be allowed in the future, even though it may not have taken place in the past. I base my remarks on rumours that are current that such a practice has obtained. I do not confirm them; I know nothing of their truth, nevertheless such rumours are current.

Mr. MacLEAN: Although a great many figures have been quoted by the minister in this debate, it is difficult to find from those figures the amount that has been advanced to the different provinces under all the different schemes. I think it would be only fair for the minister to give the house, before the bill goes through, a tabulated statement setting forth in detail: first, the amount given for direct relief; second, the amount that has been expended under unemployment relief for public works; third, the amount of money loaned to farmers and farmers' organizations; fourth, money loaned to the provinces; and fifth, money loaned to corporations; also the total of all payments, with the percentages in relation to population for the different provinces. I know that the minister has been very patient and has given a great many figures, but I defy anyone to find out what has been contributed to any one province under all these different heads. If the minister has not the information here to-night I shall be glad to put my question on the order paper, but I think we should have, in percentage to population, the full amount contributed under the different schemes in the different provinces.

Mr. GORDON: The information sought by the hon. member was given to the house by me on February 24 of this year. I regret that the hon. member has had difficulty in identifying the amounts with respect to the various provinces, but to avoid the necessity of going over the whole picture from coast to coast I should be very glad, if it will suit his purpose, to have a statement prepared showing just what the hon. member has asked, and furnish it to him.

Mr. MacLEAN: I should be very pleased to have it in any form at all, because I believe we should have the per capita figures for the different provinces, and I do not think any percentages according to population have been given.

Mr. GORDON: Just what does the hon. member mean by percentages? Does he mean the per capita expenditure in each province?

Mr. MacLEAN: Certainly.

Mr. GORDON: I think that could be worked out easily. The hon. member means the per capita expenditure under each item indicated?

Mr. MacLEAN: Quite so.

Mr. GORDON: I will have a schedule worked out and furnished to the hon. gentleman.

Mr. POWER: In connection with section 2, which provides that notwithstanding the provisions of any statute or law the governor in council may loan or advance money to or guarantee the payment of money by any public body, corporation or undertaking, may I ask the minister if any such loans or advances or guarantees have been made to private corporations or to undertakings, whatever that may mean, since January 1, 1932, except the advance made to the Canadian Pacific Railway?

Mr. GORDON: As has been indicated already, there was a payment made to the Canadian Pacific Railway. There was also a guarantee given which has been referred to and explained in the house in connection with the Manitoba savings office. So far as my recollection serves me, no other guarantees or advances have been made to corporations. I think my recollection is correct in that.

Mr. POWER: Then may I ask the minister if the government is committed to any other guarantees, and I use the word "committed" advisedly. I intend to come back to this under section 7, because on reading over certain orders in council which have been produced I find that with reference to the first Canadian Pacific loan of $1,147,221.71 the government entered into an agreement with that company under the terms of which the Canadian Pacific was to keep its shops open from the 17th day of November, 1931, until the 31st day of December, 1931. Parliament was in session, I think, from about February 10, 1932, until well into the month of June, if my memory serves me aright, and during all that time we were not informed of this agreement between the administration and the Canadian Pacific. As a matter of fact the order in council was passed only on September 30, 1932, whereas the agreement or guarantee was given almost a year before, and the money was actually expended. I submit that it is bad enough to have the government take all the powers given to it under this act, by means of which parliament is absolutely ignored and the government is permitted, notwithstanding the provisions of any statute or law, to do anything they think should be done; at least there is some kind of implied obligation to tell this house what has been done, and I submit that arrangements made verbally or over the long distance telephone between the minister and any corporation at once should be put in writing and placed before parliament. It is useless for us to have in this act section 7 which says:

> All orders in council and regulations made under the provisions of this act shall be laid before the House of Commons forthwith after the making thereof if parliament is then sitting, or if not, said orders in council or regulations or an abstract thereof disclosing their essential provisions shall be published in the next following issue of the Canada Gazette.

We may as well remove that section if the government can deal in millions of dollars without informing parliament. As a matter of fact I am informed that in the Beauharnois case it was months after the arrangement was made to guarantee the bonds that anything was placed in writing; everything was done by telephone. I have great respect for all the members of the government and for the Prime Minister but I submit that it is not fair to the contracting parties or to the government that at least some memorandum binding the government should not be made. No private business in the world would be carried on in that way, particularly when dealing with millions of dollars.

While I am on my feet I might as well refer to another order in council dealing with wheat, which I think I have in my desk. In the very preamble of the first order in council, dated November 15, 1932, providing for the guarantee to the banks to cover the gambling operations of the wheat pool, it is stated:

> The committee of the privy council have had before them a report, dated 11th September, 1931, from the Minister of Finance, recommending that, in pursuance of the Unemployment and Farm Relief Act, 1931, and of an undertaking on behalf of the government, made before the session of parliament at which said act was passed, to implement by legislation the recommendation hereinafter set out, the governor in council guarantee repayment to the chartered banks hereinafter mentioned:

The reason I asked the minister if anything had been done by way of a commitment is that we might be sitting here, and in fact we were sitting here, for months without being informed of undertakings, obligations, guarantees or contracts made by the government. So I say the section in question is absolutely useless; we might as well take it out of the act altogether unless we add something making it apply when agreements are made or decisions arrived at or legislation passed, because each order in council has the force and effect of an act of this house. Unless we have some assurance from the government that some such action will be taken I believe this section of the act might just as well be taken out. Having given the minister my reasons for the question, I now ask whether the government is committed in any way to

any private corporation, to any province or to any private person for the expenditure of money or the guaranteeing of any expenditure of money in any way other than in the orders in council which have been produced in this house within the last few months.

Mr. GORDON: I do not believe that any guarantees have been made under this part of the section other than the ones with which the committee has dealt, namely, to the Canadian Pacific Railway, the guarantee against loss in connection with Beauharnois—I am not sure whether that was dealt with under the Relief Act—

Mr. POWER: Yes, it was.

Mr. GORDON: —that with respect to the wheat pools, and the Manitoba savings office; and the Dominion government is not obligated to any provincial government, corporation or individual in connection with any guarantee under the provisions of the act still in force. With respect to the Canadian Pacific Railway and the fact that the assurance was given in the fall of 1931, and the order in council was not in fact passed until the following year, the circumstances in connection with this matter were explained by the Prime Minister. The situation was this. The Canadian Pacific Railway approached the Dominion government and outlined the difficulties which they were in, and the government was also approached by the head of the labour unions. After the matter had received consideration the assurance was given in the fall of 1931 that, for the period of time indicated by the hon. member, the advance would be made to the Canadian Pacific Railway to pay the wages of these men, and of course the advance would be made only after the wages had been earned. Proof of the payment of the wages was not received by the government until the following year, and of course the order in council was not passed until the proof that the wages had been paid and that the men had been employed was furnished to the government. That is the reason the order in council was delayed after the assurance had been given in the fall. That was the situation with respect to the Canadian Pacific Railway guarantee.

Mr. EULER: I understand there were two loans to the Canadian Pacific Railway.

Mr. GORDON: The first was a guarantee of wages of $1,400,000 odd, and there was authorization of a further $1,000,000 to be paid to the Canadian Pacific Railway when the wages were earned. That money has not yet been paid.

Mr. EULER: The loan has really been made in two parts. I believe the first loan was made without interest, and it was not to be repaid until such time as the railway again paid in excess of five per cent in dividends. Was the second loan made under the same terms and conditions, and if not what were the terms and conditions?

Mr. GORDON: There were two orders in council. The first one dealt with a loan of $1,447,222.71 and was a loan to the Canadian Pacific Railway repayable without interest when the earnings of the company enabled it to resume payments of dividends at not more than five per cent per annum. The second, passed on December 22, 1932, is to be paid back to the government without interest before any further dividends on any stock of the Canadian Pacific Railway are declared or paid.

Mr. DUFF: Listening to the ex-Minister of Labour, I was astounded when he made the statement that this government had advanced a certain amount of money to the Navy League of Ontario. Before dealing with that matter, however, there is a more pleasing duty to perform, Mr. Chairman (Mr. Spotton) and that is to wish you, sir, many happy returns of the day, and may your shadow never grow less. I preface my remarks with that compliment so that you will not call me to order in the course of what I have to say.

I can understand that under this subsection (a) of section 2 of the bill before us, very wide powers are given, and it seems that under this clause almost any person can ask the provincial or the federal government for money and get it.

Mr. COTNAM: Glad to hear it.

Mr. DUFF: My hon. friend gets some wisdom listening to me. It seems to me that "Navy League of Ontario" is rather a misnomer; I do not understand how that body can apply to this government or to the provincial government for relief. I could understand, so far as the province of Ontario is concerned, that there might be an application from the egg circle of West York, if it spent money for relief purposes and wanted assistance from the province or the dominion, or an application from the potato growers' association of Lambton county, or from the organization known as the Grange, or even from

the Ku Klux Klan or the Society for the Prevention of Cruelty to Animals. I could understand it if the application came from any of these organizations. It seems to me however that there is something wrong in the distribution of relief by this government and the province when they allow an organization known as the Navy League of Ontario to distribute moneys and expect the taxpayers to pay for it. Again, I could understand that from any of the cities of Vancouver, Halifax, Montreal and Quebec an application might come and the navy league in any of these places might have something to do with the distribution of relief, under agreement with this government or with the province interested. But if the yachtsmen of Toronto and places on lake Ontario want to put on a little swank and, instead of calling their organization the yacht club of Toronto, they decide to call it the Navy League of Ontario, that is no good reason why the federal or the provincial government should allow them to spend money and then ask the taxpayers of the country to foot the bill. If that is the way the money is being distributed, then it is high time a halt was called. I should like to have a detailed statement from the minister in connection with the $2,174.12 which was distributed by the navy league under order in council passed on June 20, 1932. I realize there are certain organizations which are doing good work in the distribution of relief money but it seems to me that it is going too far when an organization on lake Ontario or in the city of Toronto known as the navy league is permitted to distribute money. I should like to know how this money was distributed and who received it.

Mr. BELL (Hamilton): A Lunenburg navy would be much better, wouldn't it?

Mr. DUFF: Yes, much better.

Mr. GORDON: The money was not paid by this government to the Ontario navy league; it was disbursed by the navy league and the province of Ontario paid a portion of the cost while the Dominion government contributed its percentage. I have not before me the details of the actual expenditures and the names of the persons to whom relief was granted, but if it is not in the department I am sure it can be obtained from the Ontario government. I shall obtain it and give it to the hon. member, if he so desires.

Mr. DUFF: Do I understand that when the government receives a request from an organization like this navy league of Toronto it pays the money out without knowing what it is to be used for, who is to receive it and so on? I can understand that in a city like Toronto there must be many people who are receiving relief, but surely the different churches, the different labour unions and other organizations are better qualified to do this work than a little two by four, freshwater organization which comes and asks for money from the dominion treasury.

Some hon. MEMBERS: Oh, oh.

Mr. DUFF: Although my hon. friends may laugh, I am serious about this. There must be something loose in the organization looking after this relief when a so-called organization known as the navy league must step into the breach in the great province of Ontario and the great city of Toronto. There must be hundreds of organizations looking after relief in that city, and I do not think the government should countenance an organization like the navy league coming in and getting money from this dominion. I hope the minister will note my remarks and will see that relief is given through sources other than the navy league.

Mr. McKENZIE (Assiniboia): I should like to refer to the latter part of subsection (a) of section 2 of this bill and ask the minister if I am right in assuming that from now on no notes will be taken from people in the province of Saskatchewan who are recipients of relief.

Mr. GORDON: The taking of notes in the province of Saskatchewan has been the subject of discussion upon a number of occasions. I believe it is clear in the minds of hon. members that these notes were taken because the people themselves did not want charity. I assume there were some who in their extremity were not very anxious to repay, but a great number of the people did want to pay back and are paying back. Therefore, the Saskatchewan relief commission took notes from them all. Our future course will have to depend upon the situation existing in each individual instance. It is remotely possible that a situation may arise similar to that which arose in Saskatchewan where the people were destitute because of the total failure of their crops. Those people were not without assets but the assets they had could not be converted into money. I would not care to give the assurance that in a similar instance a similar course would not be adopted. I am sure the hon. member will recognize that many of the people in the

dried out areas of Saskatchewan have an earnest desire to pay back the amounts advanced to them. As the statement which I spread upon the records discloses, they are paying them back.

Mr. McKENZIE (Assiniboia): There are a great many people throughout the province of Saskatchewan who, like myself, have wondered just why it was that the recipients of relief in that province were called upon to give notes for the relief they received. We have been wondering this because of the statement made by the Prime Minister on July 29, 1931. At that time the Prime Minister said:

During the last few days I have received telegrams from the province of Saskatchewan suggesting that it was not desirable that direct relief which might be regarded as charity should be accorded to those hardy settlers who have lost their all for the third, and in some instances the fourth succeeding year, but rather that they would like to execute some document which would indicate that they regarded the help given as an obligation which they might sometime be able to pay. I would say to my good friend from South Huron (Mr. McMillan) that that indicates at least the attitude of most of those who at the present time are without crops and who have had the third succeeding crop failure.

In view of that statement, I asked for a return of all the correspondence which had been received from people in the province of Saskatchewan in connection with the giving of notes by farmers in that district. My request was placed upon the order paper early in the session of 1932 and was passed by the house on March 23, 1932. On May 4 the return had not come down and I asked why it had not been brought down. At that time the Prime Minister said that he thought it had been brought down. I made an inquiry some weeks after and I was then told it would be brought down before the end of the session. On May 23, the Prime Minister made this statement:

Mr. Speaker, the hon. member for Assiniboia (Mr. McKenzie) has asked me a question on several occasions. I thought he had misread what I said on the 29th July, 1931, I find on looking up the record that I then said:

"During the last few days I have received telegrams from the province of Saskatchewan suggesting that it was not desirable that direct relief which might be regarded as charity should be accorded to those hardy settlers who have lost their all for the third, and in some instances the fourth succeeding year, but rather that they would like to execute some document which would indicate that they regarded the help given as an obligation which they might sometime be able to pay. I would say to my good friend from South Huron (Mr. McMillan) that that indicates at least the attitude of most of those who at the present time are without crops and who have had the third succeeding crop failure."

I observe the hon. gentleman read my remarks as indicating that I had received communications from the province of Saskatchewan, and he was seeking information as to what member of the provincial government had communicated with me. It will be observed that my language did not mean that I had received communications from the provincial government, but from persons residing within the province. While some of the communications were marked "personal," the one that gave me the most information was from a loan company manager, who, I knew, had travelled over the territory and found a disposition on the part of the settlers not to take charity but to make a contribution in the sense indicated.

That was not by any means a satisfactory reply. I never at any time indicated that I thought the communication came from a member of the provincial government; that was not in my mind at all. But people in Saskatchewan are still asking who it was that was so much concerned about the business as to telegraph to the Prime Minister that they should be allowed to give notes for the relief they received. We are still wondering who it was, and I think, in fairness to the many other managers of loan companies in Saskatchewan, the Prime Minister should tell us who this particular gentleman was who knows so much about the farmers. I have discussed the matter with many farmers and they say that they would like to know who it was, because they are sure that no farmer in Saskatchewan requested permission to give a note for the relief he received. If there are any such farmers, we would like to know who they are and who this loan manager was. We would like to know who it was that was so busy as to send these requests to the Prime Minister that the farmers should give notes for their relief. Can we have an answer to this?

Mr. BENNETT: The hon. gentleman knows quite well it would be impossible for me to make any statement as to names, although my memory is fairly good. I looked up the matter at the time and gave an answer before the end of last session for the very reason that the hon. gentleman asked for the information and I endeavoured to supply it. The telegrams were marked "personal." The gentleman was a manager of a loan company who had just completed travelling over the territory. I had stopped at Regina and discussed the matter at that time. When we were sitting around the table it was said that a number of the farmers desired to give notes, and as a matter of fact the commission did prepare notes which were signed by those who received relief.

That a number of farmers would ask about the matter seems passing strange in view of the fact that they gave notes in large numbers. All that received relief gave notes for the relief they got and I did not think anything more about the matter. The hon. gentleman asked for the correspondence. Perhaps he is not aware that between August 7, 1931 and February of 1932, according to the file clerks, as many file boxes were filled as during the term of office of my predecessor, so it is a little difficult to carry all these things in mind. I did at the time endeavour to give an answer to the hon. gentleman. I do not now recall the name of the gentleman, but he said that he had just completed a tour and his statement only confirmed what had been told to me at the meeting held in Regina where we were all sitting round the board together and discussing these matters. While we did not arrange the notes, they were given by the farmers and I understood, although not until after my explanation in the house, that they were taken in favour of the crown in right of the dominion, which was not our understanding of the matter at the time. That, however, was done. The Premier of Saskatchewan was reported as saying that some $400,000 had been returned of loans that had been made for relief purposes. That was with respect to seed, as I understand the matter. That the farmers gave notes, there is no doubt in the world. That they agreed to give notes, was, as I understood the situation, a matter of arrangement. From what was said to me at the time of my visit to Regina as well as from the communications to which I referred when I looked them up something like a year ago now, it will be apparent that the farmers who were receiving relief desired to return it. Moreover, I received many communications stating that it was highly desirable that that should be done, because nothing was worse than that relief should be distributed without any idea of its ever being repaid. A number of citizens speaking from an organization standpoint said that if we desired to prevent the evil consequences that might flow from giving direct relief, every man who received it should sign for it, indicating not only the receipt of it but a willingness to repay it if he ever were in a position to do so.

Mr. McKENZIE (Assiniboia): I think the farmers were not averse to giving notes for the seed grain that they received, but they feel there was an injustice because they were compelled to sign for every pound of tea and everything else they got and give a note for them, whereas in the cities that was not done until very much later. It looks as if the farmers were not given a square deal in having to sign notes for everything they got in the way of relief.

Mr. BENNETT: It is only well that the hon. member should bear in mind that the provinces had control of the distribution of relief in the cities and that the dominion undertook full responsibility only with respect to those seventy odd municipalities in which there had been a complete loss of crop for three succeeding years. Even then a commission was appointed by the province at the request of the Dominion government, and the Dominion government dealt with the province.

I might say to the hon. member for Antigonish-Guysborough that there was no dealing with any navy league or any other organization by the Dominion government; it dealt only with the provinces and the provinces made the arrangements, because, as I read the constitution—and I may be entirely in error—the dominion does not deal with organizations or communities except through the province. The province alone is the medium of communication and contact between those who receive relief and the Dominion government.

Mr. DUFF: But the fact remains that this government and the people generally had to pay this money which, as the Prime Minister said, was paid out under the arrangement made by the province with the navy league. When that request to pay this money came in from the province, the federal government should have turned down the request and not paid the money. There are navy leagues in different parts of the country and their officials go out and collect private subscriptions to look after sailors who are not able to take care of themselves. I object to the federal government paying this money. It seems to me that if other sums are paid by the government in the same way, it is time we had a royal commission to investigate the matter.

Mr. BENNETT: The hon. gentleman, despite his prejudice, does not desire to be unfair. May I say to him that the province of Ontario selected the navy league as an instrument to distribute relief amounting in the aggregate to $2,000. The distribution having been made and the vouchers for the payments having been obtained in accordance with the agreement with the province, the Dominion government repaid to the province

the share which under the agreement the dominion was liable to pay for relief distributed to needy persons through the instrumentality selected by the province.

Mr. DUFF: I can assure the Prime Minister that I have no prejudice. All I am endeavouring to show him—and I am sure in his heart he must agree with me—is that if relief is necessary in the city of Toronto or on the great lakes, there certainly must be other methods of arranging it and distributing the money than through the so-called Navy League of Ontario. When the Prime Minister admits and the record shows that only some $2,000 have been distributed by this organization, that completely proves my point that it was absolutely unnecessary for this organization to distribute the money, or for either the province or the dominion to repay it. There were other means of looking after distressed sailors, and there was no need for this small organization, the Navy League of Ontario, to spend $2,000 and then go back to the province and the dominion and ask for the money. I say this, that the officials of the navy league in Toronto ought to have had pride enough either to put their hands into their own pockets and pay this small amount, or get subscriptions from the white-duck trousered men who belong to the organization.

Mr. BENNETT: I desire to make one further observation to the hon. gentleman. If he will look at the votes and proceedings, page 314, he will note a reference to the tabling of the second order in council, dated March 15, 1933, authorizing payment to the province of Ontario of the sum of $75,056.19 for direct relief distributed in the municipalities, in unorganized districts and by the Ontario Navy League. The second order in council covered payments to the province for direct relief not only in unorganized districts but by the Ontario Navy League. The first order in council covered a payment of $2,200, to which the hon. gentleman directed attention a little while ago.

That raises a very nice question. I put it to the hon. gentleman and to the committee, if a province in the exercise of its discretion and as an autonomous unit responsible for the distribution of relief selects an instrument for that purpose, and the distribution of relief is made and the vouchers produced, is it competent or is it within the spirit of the act that the dominion should say that the instrument chosen was an unfit instrument? The hon. gentleman's complaint is that the instrument chosen by the province was an unfit instrument to distribute relief. I am bound to say from what I know of the Navy League of Ontario, that it is composed of men with a high sense of public duty anxious to assist in times of stress and strain, and their contributions in the past—I am not speaking about this particular matter now—have been very generous. But whether or not the dominion should say that the instrument thus chosen was a fit one is a question that has been discussed in this committee from time to time. My opinion up to this moment has been that when a province charged with responsibility to its citizenry makes payments and selects its own instrument to make distribution, we, having bound ourselves by agreements to repay the portion of the money so distributed or expended, cannot be too critical of the instrument chosen and allege it to be an improper one, provided always that the audit discloses that there has been a distribution of moneys in accordance with the representations made by the province in connection with the expenditures in question.

Mr. DUFF: I am sure the Prime Minister does not want to misquote me. I do not think I said that this organization was unfit to distribute this money. What I said or meant to say, and think I did say, was that the organization was unnecessary; and I repeat that. With all the organizations in the great city of Toronto, the charitable organizations, church organizations, labour unions and everything else, I think this organization was unnecessary particularly when the amount was so small. If the Navy League of Ontario was a great organization and had distressed sailors coming in every night to be looked after, I could understand why it might be necessary under the broad clause in this act that both the province and the dominion should pay money to this organization. But surely the Prime Minister must agree with me that when the amount is only $2,000, divided between the organization itself, the province, and the dominion, the money, spent for distressed sailors I presume, might very well have been spent by some other organization.

Mr. BENNETT: I desire only to say that the navy league itself did pay 33⅓ per cent of the sum expended.

Mr. DUFF: I said that.

Mr. HEAPS: Coming back to the question of the notes, I understand that quite a large sum has been paid back on account of notes given by recipients of public relief.

Mr. BENNETT: Seed grain, I said I believed it was. That is my information.

Mr. HEAPS: I understand that those also who have been receiving public relief have paid back some of the moneys that were handed to them for relief. If such is the case, the funds which enabled them to receive relief were funds granted by the federal authorities. If the municipalities and the provinces are collecting money from those who in the past have received relief, I should like to know if any of that money has been returned to the federal authorities.

Mr. GORDON: With respect to the notes, a comparatively small amount, $10,016.78, has been paid back. With respect to seed grain loans, $410,000 has been returned. I believe that more has been paid back in connection with relief notes not yet reported but which we expect will in due course be reported.

Mr. HEAPS: Could the minister tell us which of the provinces have paid back that $10,000 odd?

Mr. GORDON: The province of Saskatchewan.

Mr. HEAPS: That is the only one?

Mr. GORDON: Yes.

Mr. HEAPS: Nothing from Manitoba, Alberta or any other province?

Mr. GORDON: No.

Mr. MACKENZIE KING: Before this clause carries, Mr. Chairman, I think it ought to be read into the record so that anyone interested in perusing this discussion later on will see exactly what it is we have been discussing. I am inclined to think that this section will acquire a certain historical interest before very long. I would ask the chairman if he will please read the section.

The CHAIRMAN (Mr. Spotton): Section 2 reads:

2. Notwithstanding the provisions of any statute or law the governor in council may,—

(a) Upon such terms and conditions as may be agreed upon,—enter into agreements with any of the provinces respecting relief measures therein; grant financial assistance to any province by way of loan, advance, guarantee or otherwise; loan or advance money to or guarantee the payment of money by any public body, corporation or undertaking; and in respect of such loans, advances and guarantees, may accept such security, enter into such agreements and generally do all such things as the governor in council may deem necessary and expedient in the public interest.

(b) Take all such measures as in his discretion may be deemed necessary or advisable to maintain, within the competence of parliament, peace, order and good government throughout Canada, and to protect the credit and financial position of the dominion or any province thereof.

Mr. MACKENZIE KING: I noticed that some hon. gentlemen opposite thought it very amusing that I should ask that this section be read. I hope they did not think that I was referring particularly to them when I said that it might be well to have it on the record in order that persons reading the record later on might be made fully aware of what the section as it appears in the bill is. I assumed that hon. gentlemen opposite had some idea of what we were discussing, but the reader of Hansard a year hence may have some difficulty possibly in appreciating the full significance of some of the references to this particular section, if the section itself does not appear on the record.

May I make doubly clear what does appear in this section, and what I think will be of increasing interest and concern to the people of Canada as they are asked in budget after budget to pay out more in the way of taxation? When the public understands that the section we are now passing gives the government of the day the right to dip into the treasury to any extent it pleases with respect to meeting obligations of all kinds which the government may incur, and to loan the funds of Canada in a dozen and one directions, they will begin to think that perhaps there is something in this section worth having on record and paying some attention to. In order that some of my hon. friends opposite may appreciate something of the extent of what in the way of parliamentary control they are so ready to part with, may I direct their attention to just what the section says:

2. Notwithstanding the provisions of any statute or law the governor in council may,—

(a) . . . loan or advance money to or guarantee the payment of money by any public body, corporation or undertaking; and in respect of such loans, advances, and guarantees, may . . . generally do all such things as the governor in council may deem necessary and expedient in the public interest.

If that is not an authority that ought to give this house occasion to pause before it is granted, I would like to know what words in a proposed statute could possibly occasion hesitation.

Let me read the next section:

(b) Take all such measures as in his discretion may be deemed necessary or advisable to maintain, within the competence of

parliament, peace, order and good government throughout Canada, and to protect the credit and financial position of the dominion or any province thereof.

In other words this section is the means taken by this government to set up a dictatorship in Canada. A few years ago we saw how a dictatorship originated in Italy. Those who have seen this evening's papers have seen how a dictatorship within the past two days has been set up in Germany. Some day, students of political developments in Canada may be interested to see where, in a British country, dictatorships first got their rise. They will find it in the section I have just read to this house.

Mr. COTNAM: How about Roosevelt?

Mr. MACKENZIE KING: Mr. Roosevelt has not anything like the powers given here. And let me say to my hon. friend that I prefer to take my examples in matters of government from Britain and British institutions rather than from the United States. May I point out further what my hon. friend apparently does not know, that in the United States the president is the executive and has autocratic powers that it has never been assumed in any British country would be given to any executive. In this and in other self-governing British countries, parliament controls the executive.

Mr. COTNAM: Isn't it a British country?

Mr. MACKENZIE KING: No; if my hon. friend does not know, I will tell him.

Mr. COTNAM: You were over there long enough to know.

Mr. MACKENZIE KING: Probably it would have been a good thing for my hon. friend if he had had some knowledge of any community outside of the one in which he has spent most of his life. Now, Mr. Chairman, I do not want to get into an unnecessary discussion with back-benchers on the other side, and perhaps my hon. friend who is so fond of interrupting, will just mind his own business for a few minutes.

Mr. COTNAM: That got under your skin. Your skin is pretty thin.

Mr. MACKENZIE KING: I notice some hon. gentlemen in the back seats who had great difficulty in getting into them. Now, Mr. Chairman, if I may have order—

Mr. REID: If they are sick why don't they go outside?

Mr. ILSLEY: If they are shot why don't they disappear?

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: I think it may be of interest to those following political developments in this country to see the sort of example which is being set by the Conservative party to those members in the far corner, whom they are continually condemning because of their desire to set up a cooperative commonwealth federation in this country which will control all the natural resources and the socially necessary means of production. If the day ever comes when these gentlemen in the far corner should have occasion to ask themselves or should be asked how they propose to do it, I do not think they will have to go further for their answer than to refer to section 2 of bill 55, the one which is now before us, which shows how a government may take to itself absolute authority for any purpose. Let me substitute the words of the resolution moved by the hon. member for Winnipeg North Centre (Mr. Woodsworth) the other day for some of the words which appear in this section. It would then read:

Notwithstanding the provisions of any statute or law the governor in council may generally do all such things as the governor in council may deem necessary and expedient in the public interest, take all such measures as in his discretion may be deemed advisable to maintain, within the competence of parliament, peace, order and good government throughout Canada, and to set up a cooperative commonwealth which shall control all the natural resources and socially necessary means of production to be used in the interests of the people and not for the benefit of the few.

You have the whole situation there. The Conservative party by this section shows the country how a dictatorship may be established with the governor in council in the role of dictator. Hon. gentlemen in the far corner advocate a dictatorship not of an individual but of a class. Both are carried out in exactly the same way, the way set forth in this section. I say it is an astounding thing that the parliament of Canada, of all countries in the world, should have been the first British community to set a precedent for a possible future government of that character.

Mr. HEENAN: Before the clause is carried I want to point out to the minister that when we first entered into these relief agreements we had the assurance of the Prime Minister and the government that the money would be administered in a non-partisan way. I am not going into all that has taken place in northern Ontario; that has been dealt with to some extent. But I have in my hand the public accounts of the province of Ontario, and I will give just one example of what is going on. In the town of Kenora, which is not a large town but is a very important one, there are two hardware stores.

One is an old established firm kept by a family that has been Liberal for many years. The other one, not very long established, is conducted by the president of a Conservative association. In 1931-32 the public accounts show that there was spent in the last mentioned hardware store by the province of Ontario, from moneys which we contributed here, approximately $30,000, and in the other store, the Liberal store, $125. I know it is difficult for the minister to do business with the Ontario government and make them toe the mark; I have been trying to do it for the last fifteen years and have not succeeded. But I think he should insist that the pledge given by the Prime Minister of Canada and the government of Canada that these moneys would be expended in a fair and equitable way should be carried out.

Mr. MITCHELL: Reference was made to the government coming to the assistance of the Navy League of Canada, Ontario branch. I know many other organizations carrying on work of a like nature, for example the Typographical Union in the city from which I come. Not one member of that organization, notwithstanding that many of them have been out of work for a long time, has yet applied for relief of any description. The organization has carried those men by weekly assessments on the pay of the members. I do not think distinction should be made between one organization and another. I know other labour organizations which are carrying on work of a like character. If it is good policy for the government to come to the assistance of one organization—and I am not finding fault with the policy at the moment—it is just as logical that they should come to the assistance of these labour organizations. I would like to know what is the attitude of the government, should an application be made by one of these labour organizations for the same measure of assistance as has been rendered to the navy league.

Mr. BENNETT: Apparently the hon. gentleman entirely misunderstood what has taken place. The navy league distributed relief, one-third of which they themselves provided; another third was provided by the province of Ontario and the remaining third by the dominion. If the organization to which the hon. gentleman refers is distributing relief—and he says it is not—then it would come within the rule that was adopted in this case. There has been no suggestion of discrimination; a public body desiring to afford assistance in a time of stress and strain to a number of people, the public, who sought relief, has distributed that relief as the instrumentality selected by the province, not by this government. Under its agreement the province was entitled to secure from the dominion one-third of the cost of such relief, the other two-thirds being provided by the province and the organization itself.

Mr. MITCHELL: I did not suggest that there was any discrimination; I want that thoroughly understood. I think the Prime Minister must have misunderstood me. I did not listen to the remarks of the right hon. gentleman; I based my observations on the remarks of the Minister of Labour. Nevertheless I am glad the Prime Minister made his statement in this connection; I take it that this organization will be entitled to the same measure of relief if they act as this other organization has acted. This is relief; it is money raised by the members themselves by an assessment on the wages earned by those who are employed. I am glad that policy has the blessing of the Prime Minister and I understand that provided they adopt the practice followed by this other organization they will be entitled to the same measure of assistance from the government.

Mr. BENNETT: Among others the following organizations have been selected by the provinces to distribute relief: the Ontario Navy League, the Red Cross Society, the St. Vincent de Paul Society, the Jewish Federation of Charities and the Protestant Relief Committee. I merely name these because it happened that the navy league was one of the agencies selected by the province. I doubt whether, on the statement now made by the hon. gentleman, the organization to which he refers could be selected as an instrument of government to make a general distribution of relief in the community.

Mr. HEAPS: I believe in some cases the municipalities have endorsed organizations which have been given the assistance which was given the organization mentioned by the Prime Minister. Would not a union, carrying out work of a charitable nature among its members, come within that category?

Mr. BENNETT: I would say not.

Mr. POULIOT: I should like to say just a word, Mr. Chairman; I have checked a few notes I made with regard to the agreements entered into with the provinces. On March 3, Rev. Father Bilodeau wrote a letter which appeared in Le Soleil, and the date and location mentioned in that letter are

very important. On March 8 Mr. Laforce of the colonization department of the Canadian National Railways wrote me a letter, which I answered on March 9. Then on March 10 he wrote a letter to Doctor Black—in which he quotes fifteen other letters from settlers. Two of those letters bear neither date nor location; three bear no location; eight bear no date, and only two have a date and a location. I want to place those facts on record, Mr. Chairman, to show that directly after my speech of March 2 Father Bilodeau wrote me from Quebec. Then on March 14, eleven days later, he wrote again, and translated into English, the first paragraph reads:

I have received the declarations which were sent me after coming back from the mission, where I probably was more fatigued than you are as a member of the House of Commons.

The French is as follows:

J'ai reçu les déclarations que vous m'avez envoyées à un retour de mission où j'ai eu probablement plus de fatigue que vous en avez à la Chambre comme député.

To conclude, the facts were placed before the house on March 2, and on March 3, Father Bilodeau was in Quebec. Then he left for places unknown, and on March 14, he was back in Quebec saying he had visited those colonization regions. It took him eleven days; he said he was very tired. I am not positive, of course, but I wonder if he did not go to collect the letters which were sent to Laforce and afterwards to Doctor Black, most of them without location or date. At this time of year I cannot leave my sessional duties and go to that district, but I will surely go there this summer to see conditions for myself.

Section agreed to on division.

On section 3—Further powers of governor in council.

Mr. MACKENZIE KING: Subsection (b) reads:

Without restricting the generality of the terms of the next preceding section hereof and not withstanding the provisions of any statute or law, the governor in council may,—
(b) assist in defraying the cost of the sale and distribution of the products of field, farm, forest, sea, river and mine.

We were told yesterday that advantage would be taken of this section to provide whatever may be required for the agricultural stabilization fund mentioned by the Minister of Finance in the budget speech. Can the minister give an estimate of what amount he thinks will be required in that regard?

[Mr. Pouliot.]

Mr. GORDON: I would not care to estimate the amount that may be required. In the judgment of the government the step outlined in the budget speech was very desirable from the standpoint of agriculturists and others named in this section. I do not think the right hon. gentleman will disagree with me when I say that it is very desirable that the course outlined in the budget speech should be adopted, because we believe—and I doubt if many hon. members of this committee will disagree—that the assistance which will be rendered these primary producers will go a long way towards stimulating trade and enabling them to get their products on the markets particularly of the United Kingdom. It would be quite impossible for me to estimate the amount of money that may be necessary to meet the requirements of that fund.

Mr. MACKENZIE KING: Surely in preparing the budget the government must have had some idea of what amounts of money would be required for different purposes. My hon. friend as Minister of Labour must surely have some idea, in a general way, of what will be required in connection with the expenditures under this act. Can he not give us some sort of estimate?

Mr. SPEAKMAN: The press gave an estimate of about $6,000,000, and I was wondering whether they had received information from an official source that confirmed the basis of that estimate.

Mr. BENNETT: I think the leader of the opposition will undoubtedly realize that the amount desired will depend entirely upon the value of the pound. This is a relief measure which expires on March 31, 1934, and the volume of business that we would transact would of course be the first determining factor, the second factor being the fluctuating value of the pound sterling on exchange. If the pound increases in value, then obviously, with the volume of business increasing, the amount payable would be smaller than would be the case were there a wider margin. The figure of $6,000,000 mentioned is a figure which I have not seen, but which the hon. gentleman says appears in the press. My own estimate would be higher than that, but I would put it at less than $10,000,000 as a maximum, assuming that there were a very much larger volume of business than there is now, and that the pound sterling in exchange value were less than it is at present.

Mr. MACKENZIE KING: May I ask the Prime Minister this question. He estimates that $10,000,000 will be spent—

Mr. BENNETT: No; I said that would be the maximum.

Mr. MACKENZIE KING: Yes, in the nature of a bonus on exports; that is what it is, and exports, I presume, by persons who must be employed or they would not be able to export their commodities. How does my right hon. friend justify having this amount provided for in an act which is intended to relieve those who have no employment?

Mr. BENNETT: The title of the act, as the right hon. gentleman will recall, was originally an act for the relief of unemployment and for farm relief as well, and we combined the two, providing for relief for unemployment through the direct action of the provinces, acting with their instrumentalities, the bodies they themselves created by the legislatures, the municipalities and so on, and farm relief, which has become essential by reason of the low price of farm commodities. If the condition of the agrarian population is as indicated with respect to the commodities that have been mentioned, then it is indeed a relief when the farmer is saved from the disastrous consequences of a continuance of existing conditions, and stabilization will result in his having first of all certainty as to what his prices will be, as reflected through that stabilization, and secondly the knowledge that he is not going to be subject to a sudden fall by reason of exchange values depreciating at a later part of the season, for instance, in connection with a matter like poultry or any other commodity of that type. The whole theory of the matter is that it is a relief measure consequent upon the low price of agricultural commodities and the depreciated value of the currency of the country with which the export business is largely carried on. It is neither a bonus nor a bounty in the sense in which that term is correctly used, and is treated as I have indicated for the very reason that it expires on March 31, 1934, and is intended to be—in fact it will be—a relief measure for the agricultural population of the country.

Mr. MACKENZIE KING: I notice that the section relates not merely to certain classes of agricultural products, for it speaks of assisting in defraying the cost of sale and distribution of the products of field, farm, forest, sea, river and mine. Is the Prime Minister making similar provision with respect to the exports of minerals and other products of mines, so as to assist those who are working in the mines? Is he making similar provision for the assistance of fishermen, with respect to the products of sea and river, also with respect to the products of the men working in the forests, in the export of lumber, which is a large and important industry, and in connection with the field also, the export of grain, the most important of any of our exports, cattle, and apples, which are also very important?

Mr. BENNETT: I thought that would be mentioned.

Mr. MACKENZIE KING: Are all these to receive assistance through funds similar to this one? If not, why not?

Mr. BENNETT: Perhaps this is the appropriate place to discuss this matter. So far as products of the sea are concerned, I fancy they are covered by the word fish used by the Minister of Finance on Tuesday last.

Mr. MACKENZIE KING: Cod liver oil and whale oil as well.

Mr. BENNETT: Fish and fish products, I believe, were the words used.

Mr. MACKENZIE (Vancouver): Fresh fish and canned fish.

Mr. BENNETT: Yes. Each case has thus far, since these words were in the statute, been determined upon its own merits. For instance, if you used the word grain, it would cover all forms of grain; but when parliament two years ago voted five cents a bushel for wheat, that covered one specific kind of grain only, and the result was that $12,500,000 was expended at a time that was most opportune in assisting in the payment of taxes and for other obligations which the farmers had to meet. So far as the products of the forest are concerned, that is a matter which has not engaged the attention of the government; nor was lumber included in the items mentioned yesterday, for reasons which I fancy commend themselves to the house at once. There are other avenues of effort through which we think we can attain the end, by some means other than the means indicated by the statute. With respect to mines, there has been no suggestion that the government should take any further action at the moment in this regard, except in connection with coal, and that has been dealt with in another way, by provisions of statutes that have been passed by this house.

The mining situation is still one of extreme difficulty for reasons which I think are known to every member of the house. On the Pacific coast difficulties have arisen by reason of coal being brought as ballast in ships that return with cargoes of wheat, and the competition of that coal has been felt very keenly by the coal producing companies on the west coast. It is equally true upon the east coast, equally true with respect to the collieries of Cape Breton. "Bonus" is undoubtedly the correct term to apply to the coal subventions that have been granted by this government and by the previous government in an endeavour to save the coal industry under very distressing conditions, such probably as that industry has never experienced in Canada, not only because of the circumstances to which I have alluded but because of the substitution of oil fuel to a very considerable extent for coal by domestic users, owing to the ease with which it can be used and its cleanliness as a fuel. That is one of the difficulties. In connection with steam power, the use of electricity has of course supplanted steam-driven machinery in the great central provinces of the dominion, and this has resulted in a diminished use of coal. That is a matter that has been dealt with by this government, and by the preceding government on another basis altogether. The last commodity mentioned, apples, was one about which I would have judged there would be considerable discussion in the house. Apples are protected in the British market by a preference of four shillings and six pence per hundred pounds, which happens to be a full shilling more than the preference requested by the apple growers of Nova Scotia, for instance. A combination of circumstances made it possible to secure a preference of four shillings and six pence which is the rate now standing. Whether or not a further assistance should be given will depend upon what might be disclosed as to its properly being said to be relief to industry.

Every hon. member who is familiar with the situation confronting the cattle industry will admit at once that it becomes a matter of relief because of the existing currency depreciation and the situation generally in connection with cattle and cattle products. Duties which have heretofore existed and now exist in the United States make the exportation of cattle from Canada to that country practically impossible. The slight difference in the price of a steer selling, let us say for the sake of argument, at £15 will make the difference between confidence and the lack of confidence and between success in attaining some profit out of operations and a loss which might have to be assumed. I believe that every hon. member who is familiar with the industry will realize that as a relief measure it is certainly justified.

I fancy it is not the desire of the committee that we should traverse these various items, but I merely mention that the principle that has governed was not a bonus or a bounty, it was relief for the year ended March 31, 1934, granted in the most effective and efficient way it was thought such relief could be granted, having regard to the circumstances.

Mr. MACKENZIE KING: As I recall, the United Kingdom-Canada agreement contained a clause about not subsidizing exports from one part of the empire to another. There was something which referred to subsidized imports.

Mr. BENNETT: That was a resolution.

Mr. MACKENZIE KING: Has my right hon. friend received an assurance from the British government that what he is granting in the way of bonus or subsidy in these cases will in no way affect the terms of the agreement as understood in Great Britain?

Mr. BENNETT: No, the government has not received any such assurance from the British government and so far has not asked them about it. It is not believed that this will in any sense contravene the provisions of the resolution. It must be remembered that that was not part of the agreement; it was one of the resolutions adopted by all the countries—Great Britain, Australia, South Africa, Canada and New Zealand. We do not believe that the steps we have taken as a relief measure to deal with this situation will be regarded by any of the governments as a violation or a contravention in any sense of the terms and provisions of the agreements. It will be recalled that the United Kingdom-Canada agreement provides for a domestic price for wheat and also for quotas with respect to many other commodities, and that principle is being extended. That is a purely domestic matter which could hardly be regarded as a subsidy or a bounty. It is our considered view that there is no likelihood of the British government regarding unfavourably this relief measure which has been upon our statutes in terms for two years but which we thought desirable to mention specifically in the course of the budget the other day in order that it might not be said that the house had not been apprised of our intentions.

It was suggested the other day that we should be able to anticipate any contingency

which might arise. At that time I expressed grave doubt that any government would be able to anticipate what might happen upon this continent or in any other part of the world even twenty-four or thirty-six hours ahead. I gave an illustration predicated upon the experience of some of the leading men in the city of New York gained in the space of thirty hours. Availing ourselves of the provisions of this statute, we thought it desirable that we should make known to the house in the budget the intentions of the government in connection with relief measures to deal with a situation which confronted our agricultural production.

Mr. MACKENZIE KING: Most of the products, the export of which are likely to be assisted, will be dairy products. As I recall the United Kingdom-Canada agreement, the preference given to dairy products in the British market is for only three years.

Mr. BENNETT: Three years certain.

Mr. MACKENZIE KING: Yes. The British government has reserved to itself the right to revise the terms upon which dairy products will be admitted to Great Britain after that time. May I ask the Prime Minister if he has considered if the effect of this subsidizing of dairy products for export purposes may not increase the protectionist sentiment in Great Britain in so far as it concerns agricultural interests in that country and in the long run result in the probability of our dairy products being pretty effectively shut out of the British market?

Mr. BENNETT: The right hon. gentleman is quite correct in assuming that there is a provision in the agreement to give dairy products a preference for three years certain, but he will recall that it was not a question of the loss of preference, it was only a question of the method by which the preference would be granted, that is, the preference might be by quotas or by percentages of duties payable by the foreigner. It might be decided whether there should be an allocation of quotas to Canada or a continuance of the preference with respect to dairy products.

One of the risks which all governments must take is that attendant upon conclusions that a certain line of action will enure to the benefit of the people of the country in question. Weighing the situation from the standpoint of advantages and disadvantages to be derived and having regard to existing conditions in agriculture in this and other countries, we believe that the results to be derived from the exercise of the powers contained in this relief measure will be of benefit to agriculture and all its various ramifications. I claim no omnipotence or omniscience with respect to matters of this kind. As I have said, we know of the difficulties of foreseeing in a world such as this what will happen within twenty-four hours. We know that tonight in some great cities with populations as great as this there is but one bank functioning. These things could not have been foreseen by any human judgment a month ago. Weighing the advantages and disadvantages with the best judgment we have and applying the principle which I fancy has governed all governments desiring to do what is best for their own populations consistent with their obligations, contractual and otherwise, we have arrived at the conclusion I have indicated. We thought it desirable that these matters should be mentioned in this way in order that we might make known to the house everything upon which we believe that action should be taken. That does not indicate in any sense that conditions will not arise which may necessitate in the very nature of things action of a like character being taken in connection with other matters not now mentioned.

Mr. LUCAS: Will any provision be made in regard to the stabilization fund to ensure that the producer derives the benefit rather than the exporter?

Mr. MALCOLM: I listened with some interest to the observations of the Prime Minister in the course of which he stated that the relief granted by paying the difference between the existing rate of exchange on the pound sterling and $4.60 was to be treated as a relief measure. It strikes me that the very limitation of the list which the Minister of Finance gave in his budget condemns the scheme entirely. I quite appreciate the fact that had Canada followed the course of Australia and gone off the gold standard with Great Britain so that the dollar would be on a parity with the pound, Canadian agriculture would not be at the disadvantage it is with regard to the export of dairy produce or of wool, a commodity which was promised all sorts of protection by my hon. friends opposite and which is not to have even the advantage of the assistance of the difference in exchange. The question was asked a moment ago by somebody as to what this would cost. The minister did not seem to be able to give a very definite answer. The trade returns, I might say, show on the list of commodities given by the Minister of Finance that the volume of trade in the past year was a little

over £6,500,000, which, on the basis of sixty cents being the existing difference in exchange, would mean a bonus of only $3,900,000 or $4,000,000, whereas the bonus on wheat, the Prime Minister told us yesterday, was over $12,000,000.

I should like to submit to the Prime Minister that if parity of exchange should be established by bonus between Canada and Great Britain for the benefit of agricultural production, it should also be established clear across the board on all products going from this country to Great Britain. I can see no reason for neglecting apples and lumber, or why the same advantage should not be given to the miner of asbestos, copper and nickel. I can see no reason why the producer of milk should get the benefit and the producer of wool should not. Suppose there was a difference of fifty cents, this would be a matter of about $20,000,000 on our total British exports of last year. If the exporter to the United States receives the twenty per cent advantage of exchange when he sells his gold, I do not see why the miner of asbestos, copper or nickel who wants to do business in Great Britain should not be assisted by the government to the same extent as the dairy farmer or any other producer of agricultural commodities. I am not at all in disagreement with the idea of trying to rectify the exchange situation in some way for the benefit of the Canadian producer. I do not think the unfavourable exchange situation can help being injurious when we are trying to cultivate trade with the British Empire. If we say in one breath that we are out to develop British trade, then we are entitled to say in the next that the government is quite prepared to take away the disadvantage of exchange. If, in its wisdom, the government thinks it advisable to let parity of exchange exist, I am not going to advise the Prime Minister with regard to the desirability of depreciating the Canadian dollar until it reaches parity with sterling; that is his responsibility. But the moment the Prime Minister decides to rectify the exchange situation, whether as a relief measure or not, in regard to any class of Canadian production, he invites for himself very serious criticism when he does not give the same advantage right across the board to all Canadian products exported to Great Britain.

Mr. ILSLEY: Has the order in council been passed extending the benefits of the agricultural stabilization fund to the thirteen products?

Mr. BENNETT: No.

[Mr. Malcolm.]

Mr. ILSLEY: Is it anticipated that it will be passed in the near future?

Mr. BENNETT: That depends upon the action of the house.

Mr. ILSLEY: The government has power, under the present relief legislation, to pass it, has it not?

Mr. BENNETT: Inasmuch as the present act expires on March 31 of this year, it is hoped that this bill may be enacted before that date. If it is, then we would have the power.

Mr. ILSLEY: But the government has it under the present act?

Mr. BENNETT: We have not done it under the present act.

Mr. ILSLEY: The same clause is in the present legislation?

Mr. BENNETT: Yes, there is no change in that. The power is there, but as the present act expires on March 31 and this is the 23rd, eight days from now the act would expire and it is hardly desirable to pass an order in council in respect to stabilization fund for that short time.

Mr. SPEAKMAN: Would the order in council expire the moment the act did?

Mr. ILSLEY: If there arise in other industries conditions that make it advisable in the opinion of the government to extend to them similar relief, would other orders in council be passed from time to time covering other commodities than the thirteen mentioned by the Minister of Finance on Tuesday last?

Mr. BENNETT: I was trying to say to the committee that the government did reserve to itself the power to deal with a situation as it might arise, but that as regards a relief measure it was thought desirable that the house should be made acquainted with the view of the government with respect to those commodities mentioned as being the ones which the government felt, with the best information at its disposal, were entitled to the benefit of such relief.

Mr. ILSLEY: I want to mention very briefly one industry, that is the apple industry of Nova Scotia. The Prime Minister said that it received a protection of four shillings and sixpence in the British market, and that is correct, but the information I get from the apple interests of Nova Scotia is this, that so far as they can see there have been practically no benefits during the present season. The second remark I will make about the situation is that if there is in Canada one

industry that requires and deserves relief under the provisions of the act, it is the apple industry of Nova Scotia. I do not want to go into the matter any further now; there is not time for me to do so, but I shall have something to say about it later.

Mr. MACKENZIE KING: There was one question asked the Prime Minister and I do not know whether he heard it, but it seems important: it was whether the government had provided any means or guarantee whereby the benefit of the proceeds of this agricultural stabilization fund will go to the producers and not to the exporters?

Mr. BENNETT: It is obvious that the benefits will first of all accrue normally to the importer, whose invoices will be the determining factor with respect to the matter, but unless the benefits are reflected in better prices for the producer, we realize we shall not have accomplished the object we desire to attain. Under the legislation now under consideration there will be ample power in the government to deal with that situation; but I think it is clear we did succeed in seeing that the benefits in connection with the bonus on wheat went directly to the producer.

Mr. MALCOLM: Not on canned fruit.

Mr. MACKENZIE (Vancouver): Or canned fish.

Mr. BENNETT: The hon. gentleman may be able to speak with authority on the subject, but we believe the benefits can be made appreciable to the producer, and that is the object of this legislation. When we have endeavoured with all our power, such as it is, to bring the benefit to the producer, we have usually managed to succeed.

Progress reported.

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

Friday, March 24, 1933

The house met at three o'clock.

NIPISSING CENTRAL RAILWAY

The report of the examiner of petitions for private bills was read, recommending that the petition of the Nipissing Central Railway Company be not received.

Mr. A. C. CASSELMAN (Grenville-Dundas) moved:

That the petition of the Nipissing Central Railway Company praying for an extension of time to complete its railway, together with the report of the clerk of petitions thereon, be referred to the select standing committee on standing orders for the purpose of considering the suspension of standing order 92 in relation thereto.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

TABLING OF ANNUAL REPORT OF CANADIAN NATIONAL RAILWAYS, CANADIAN GOVERNMENT MERCHANT MARINE AND CANADIAN NATIONAL WEST INDIES SERVICE

Hon. R. J. MANION (Minister of Railways and Canals): Mr. Speaker, I table herewith the annual report of the Canadian National Railways system, in English and French, for the year ending December 31, 1932, as well as the annual report of the Canadian Government Merchant Marine and the Canadian National West Indies Service for the same year. Hon. members will find these reports distributed in their post office boxes. In case some hon. members might care to see it I will table also the questionnaire sent out by my department some time ago in regard to motor traffic.

MONTREAL HARBOUR COMMISSION

On the orders of the day:

Mr. J. A. MERCIER (Laurier-Outremont): I should like to address a question to the Minister of Marine (Mr. Duranleau). It is being stated in Montreal and even published in some newspapers favourable to the government that the harbour commissioners of Montreal, being dissatisfied with the findings of the Gibb commission, have sent a memorandum to the minister and the Prime Minister together with their resignations. May I ask the minister if there is any truth in this statement?

Hon. ALFRED DURANLEAU (Minister of Marine): A report containing suggestions and representations was made by the harbour commissioners of Montreal, but there is no truth in the statement that it was accompanied by their resignations. They did say if my memory serves me well that in order to help the government in any reorganization of the administration of national harbours they would be ready to send in their resignations at any time, but that is all.

WESTERN GRAIN RATES

On the orders of the day:

Hon. R. J. MANION (Minister of Railways and Canals): Yesterday the hon. member for Comox-Alberni (Mr. Neill) asked about the grain rates from the prairie provinces to the province of British Columbia,

and I told him they had been put into effect on March 10. That did not agree with a letter the hon. member had, but I have checked my statement and I find that the rates were put into effect two weeks ago to-day, on March 10.

SOLDIERS' PENSIONS

On the orders of the day:

Mr. E. R. E. CHEVRIER (Ottawa): I should like to direct a question to the Minister of Finance (Mr. Rhodes) in connection with his remarks regarding pensions, which appear at page 3223 of Hansard. I should like to ask what effect this will have on disability pensions, the pensions paid under contribution and the pensions paid under the non-contributory system.

Hon. E. N. RHODES (Minister of Finance): I am indebted to my hon. friend for having intimated that he was going to ask this question, but I did not know the specific nature of the question. I was very much engaged this morning and in fact did not have an opportunity to even look upon Hansard, so I prefer that this be taken as a notice, and an answer will be forthcoming at an early date.

Perhaps in this connection, however, I might be permitted to say one word, as there would appear to be some considerable misapprehension with regard to what is in the mind of the government in respect to pensions. The last thing in the world that we had in mind was any interference with the sanctity of the contract concerning pensions. Whatever merit there may or may not be attached to the suggestions contained in the budget speech with respect to pensions, it was never intended to interfere with pensions as such. Perhaps I should also add for the information of the house that this morning we had a long conference with the heads of the various veteran organizations. That conference is to be renewed, and at its conclusion an announcement of a specific character will be made to the house which will embrace also an answer to my hon. friend the senior member for Ottawa (Mr. Chevrier).

REDISTRIBUTION BILL

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): In answer to a question asked by my hon. friend from Quebec East (Mr. Lapointe) yesterday I should like to say, Mr. Speaker, that the chairman of the select committee on redistribution is calling a meeting of the full committee in order that there may be no misapprehension as to the desirability of expedition in concluding their labours. Sub-committees have been working steadily, I understand, for the various provinces.

Mr. LAPOINTE: Ex parte so far as Quebec is concerned.

Mr. BENNETT: When I say sub-committees, representatives of the provinces have been endeavouring to work out schemes acceptable to all, and the full committee will meet and consider them.

An hon. MEMBER: Schemes.

Mr. BENNETT: Yes, schemes is the word I used, and the correct word too—schemes that will be acceptable to all parties; and the full committee is called now, or is being called, in order that there may be no misunderstanding about the matter.

Mr. LAPOINTE: My right hon. friend has kept his word, because last night the government's representatives from Quebec, for the first time, gave some information to our own representative. I may add that if the rest of the work is as bad as the beginning there will not be much agreement.

Mr. BENNETT: That is rather bad.

PENSIONERS IN MONTREAL

On the orders of the day:

Hon. MURRAY MacLAREN (Minister of Pensions and National Health): The hon. member for Bow River (Mr. Garland) yesterday inquired whether representations had been received by the department with respect to the statement that starvation existed among some of the pensioners in Montreal in receipt of small pensions. In answer to the question I wish to state that representations have been received by the department on this subject. The department is now pursuing a thorough investigation of the matter but it has not yet been completed. It will be so at an early date. The matter is being looked into carefully having regard to the serious nature of the complaints that are made in these representations.

UNEMPLOYMENT AND FARM RELIEF

CONTINUATION FOR ONE YEAR OF PROVISIONS OF RELIEF ACT, 1932

The house resumed from Thursday, March 23, consideration in committee of Bill No. 55, respecting relief measures—Mr. Gordon—Mr. MacDonald (Cape Breton South) in the chair.

On section 3—Further powers of governor in council.

Mr. POWER: I have a suggestion to offer with respect to the phraseology of section 3. Subsection (c) reads:

Take all such other measures as may be deemed necessary or advisable for carrying out the provisions of this act.

Section 5 reads:

The governor in council shall have full power to make all such orders and regulations as may be deemed necessary or desirable to carry out the purposes and intention of this act.

I know that the government is anxious to take full power to itself, but it is not necessary to have this provision twice in the same piece of legislation. I am not particularly desirous of making this legislation any better, but having some respect for parliament and for the kind of laws we put on the statute books, I suggest that one of these sections be dropped or altered. I am not insisting on it, but I think the minister himself will see that it is unnecessary to have both sections in; one or other may be dropped.

Mr. GORDON: Subsection (c) of section 3 has reference to any other measures that are not included in (a) and (b), and section 5 has to do with the regulations that the dominion prescribes, in so far as it can prescribe regulations for the actual carrying out of relief measures which the province heretofore has approved of.

Mr. NEILL: I take advantage of the presence of the Prime Minister to make a few observations When the Minister of Finance introduced his budget I naturally assumed, with regard to what he said about the stabilization fund, and I think every other member did the same, that it would be promulgated by legislation during the passage of which we might have a general discussion of the whole matter. I find now, from what took place last evening, that the fund is going to be organized and administered under this relief act, and therefore there may be no special legislation introduced in connection with it. Consequently this is the only opportunity we shall have to discuss it. We might discuss the subject on going into supply, but any debate that might take place then would have to be confined to general principles and one could not ask any questions of the minister. It is one thing to have the precise language of a statute and quite another thing to have the more or less general terms which the Minister of Finance used in speaking of his policy with regard to the stabilization fund. I should like to get some definite advice as to just how far this goes.

The Prime Minister last night, speaking of course from memory, said he thought the words fish and fish products were the words used in connection with fish. That of course is a mistake, because the words used are fresh fish and canned fish. If the right hon. gentleman is in a position to say that he intends it to mean fish and fish products, then what I have to say is practically at an end, and it will be a source of gratification to us in British Columbia.

I wish to plead particularly for an industry that exists solely in the district I represent; that is, the reducing or processing of pilchards. They make pilchard meal and pilchard oil and I do not think there is any other district in Canada where this business is carried on. This industry came into existence—I speak from memory—six or seven years ago, and at that time it was confined entirely to white men, something which is true of very few of the fishing industries in the west. There was a large outlay of capital. There were at one time, if I remember rightly, twenty-seven reduction plants on the west coast of Vancouver island, each with a capital investment of from $5,000 to $8,000. They would each employ perhaps one hundred men, between the men on the plant and the men engaged in catching the fish. That would mean a total employment of some three thousand people, and then as a side line, depending on this, there would be employment for perhaps another five hundred. Owing to the distressed market conditions, instead of twenty-seven stations as there were a few years ago, last year there were, I think, only three in operation. I think they were run more with the idea of relieving the unemployment situation than with any hope of making a profit, in fact I think that they ended up in the red. This industry could provide employment for a large number of white men, at least it used to provide employment for white men before the British Columbia government fell heir to certain jurisdiction, after which they permitted orientals also to be employed. The cost to the government would be comparatively small but the employment would be quite large. I ask if the government could see its way clear to include pilchard oil and pilchard meal within the terms of the stabilization fund? I received a wire the other day from one of the largest operators. They state that they are disappointed that these commodities have not been included. They told Doctor Found, the Deputy Minister of Fisheries, when he was out there last December, that it was impossible to carry on the reduction industry unless either the cost could be cut or a subsidy provided. They then go on

to point out that a sales tax has been placed upon fuel oil which adds very considerably to their working expenses and makes it all the more necessary that they should come under this stabilization scheme. The telegram continues:

> Would ask your earnest endeavour secure inclusion fish oils under stabilization plan particularly as without some such help the industry must be further curtailed whereas by inclusion we can reasonably look to increased operations and improved employment.

Would the Prime Minister be kind enough to state what his attitude will be in regard to this matter?

Mr. BENNETT: Mr. Chairman, I can add very little to what I said last evening. I said that we had indicated the items or commodities to which the stabilization would apply but that the door was not closed for representations with respect to other agricultural and fish products. The hon. gentleman has presented a case on behalf of the pilchard oil industry but he has not stated the extent to which this commodity is sold in Great Britain and where the surplus not used domestically finds a market. I followed him closely but I do not think he said anything with respect to that. I do not think it would serve any useful purpose to repeat what I said last night.

Mr. MUNN: Mr. Chairman, the Prime Minister made a statement yesterday evening in connection with the products of the forest. He is quoted on page 3349 of Hansard as follows:

> So far as the products of the forest are concerned, that is a matter which has not engaged the attention of the government; nor was lumber included in the items mentioned yesterday, for reasons which I fancy commend themselves to the house at once. There are other avenues of effort through which we think we can attain the end, by some means other than the means indicated by the statute.

Would the Prime Minister indicate at this time what he had in mind when he made that statement and whether or not we will have an opportunity later on to discuss this particular item?

Mr. BENNETT: The market in Great Britain for lumber which has been subject to competition from a foreign country will assume an entirely different position next month. Other efforts are being made to permit the export of lumber more freely from Canada to foreign markets. These efforts cannot be discussed at the moment other than to say that they are being put forth to create a wider market for lumber and its products.

Mr. MOTHERWELL: I was very much interested in the Prime Minister's explanation last night as to why certain commodities were put upon the preferred list so far as the adverse exchange on the British market is concerned. If I understood him correctly, he indicated that each commodity had been dealt with upon its merits and I was wondering what particular demerit was attached to butter to have it excluded from the intended benefits of this exchange adjustment. I might also mention wheat as another excluded commodity.

Mr. BENNETT: I think the hon. gentleman is aware of the fact that the production of butter in Canada barely meets the consumption; there is a very small available exportable surplus. This is a relief measure and the evidence which the government had before it was not sufficient to warrant action being taken with respect to butter similar to that taken with respect to cheese, for instance. As a matter of fact, butter is selling at a higher price upon the Canadian market than that prevailing upon any other market of which I know. At the moment the Canadian price is much higher than the British or American prices. In fact, it has been so attractive that our friends in New Zealand have endeavoured to secure this market.

Mr. MOTHERWELL: The dairy industry will be upon an export basis as soon as the full flush of milk comes in the summer. It has been usual for this industry in the past half century to go on an export basis around the first of June in each year. It is usually off the export market in the winter but on in the summer. What will happen after June 1? Unless something happens, I anticipate that the price will be lower than it ever was during the first quarter of this century. That is what the present indications point to. This will happen within two or three months, possibly before this house prorogues, and that commodity should be put in a position to take advantage of this intended exchange benefit. This government should be the last to turn a cold shoulder to butter because it owes its position of power in this house largely to the import of butter problem and the export of whiskey. From a sense of gratitude, this commodity should not be overlooked by my right hon. friend.

Mr. BENNETT: The committee will find it rather difficult to understand the hon. gentleman's reference to the export of whiskey. The measure prohibiting the export of whiskey was introduced by the government of which he was a member and supported by the oppo-

sition which I had the honour to lead. I take it that the injustice should be attributed to hon. gentlemen opposite while the support is attributable to ourselves.

Mr. MOTHERWELL: That means that the hon. gentleman has no explanation to offer as to why butter is not included in preferred lists?

Mr. BENNETT: Not beyond what I said last night.

Mr. MOTHERWELL: My right hon. friend did not say anything specific last night and does not want to raise the question of butter. That is the reverse of the position which prevailed in 1930. Our hon. friends opposite do not like the spectre which faces them in connection with this commodity and their promise to give dairymen forty-cent butter. What about wheat? Surely that commodity is as important as honey. The busy bee gathers up the honey from the prairies at no cost so far as the supply of nectar is concerned, yet it is given a preference under this exchange adjustment. Apparently the comparatively small interest of growing wheat is overlooked, but it strikes me it is nearly as important as the busy bee's processed product honey.

Mr. HOWARD: I was quite surprised at the statement made a minute ago by the Prime Minister. I had always understood that milk products included butter, but does the Prime Minister now say that they do not? What does the Prime Minister include in milk products? I am in a dairy section of Quebec and I thought this included butter. I am surprised to-day to get the information it does not. I would like to know what milk products really include.

Mr. BENNETT: I am not at the moment in a position to define the term.

Mr. HOWDEN: But it does not include butter.

Mr. BENNETT: I did not say that. The former Minister of Agriculture asked why butter was not included. Last evening I said that when the order in council is passed after April 1, if this bill carries, it will be quite clear what is covered by the various items mentioned in the statement of the Minister of Finance.

Mr. VALLANCE: If the Prime Minister has nothing to state as regards the question asked by the hon. member for Melville, what position is wheat in, because it is not mentioned as one of the items?

Mr. MOTHERWELL: It is by a violent stretch of imagination included in meat products possibly.

Mr. VALLANCE: I really think we should have an answer.

Mr. McINTOSH: Let us have a Canada first answer.

Mr. GARLAND (Bow River): It is hardly fitting for the Prime Minister to take the position he has just taken on this question. He said in effect: As soon as this measure passes and when the orders in council based upon it are prepared, then he would say what this legislation really means. Frankly, I think the committee is entitled to know just what, in the mind of the government, are milk products.

Mr. MALCOLM: Before the bill passes.

Mr. GARLAND (Bow River): Yes, we should know that before the bill passes.

Mr. BENNETT: I thought last evening I made as reasonably clear a statement as could be made with respect to the matter, and I do not desire to repeat. As regards wheat, I did deal with it and there is a statement on record with respect to it. As to the elaboration of the meaning of the words, if there is any doubt about them, of course they will be clarified. Milk products as the term appears in the statement of the Minister of Finance, certainly did not mean butter; it referred to powdered milk, condensed milk and things of that kind regarding which our milk producing population is having difficulty in finding a market. At present there is an ample market for the Canadian production of butter, in fact so much so that there have been some importations to meet the present demand.

Mr. MOTHERWELL: I have not said very much about this matter yet, and I am interested in it. As regards meat products, meat sometimes means all kinds of food, and if we take that interpretation in that broad and charitable sense, meat products should cover wheat. Therefore with that hope in our minds, I am willing to proceed with this relief bill until we reach the budget if that will help my hon. friends opposite in any way out of their very apparent dilemma.

Mr. VENIOT: I do not intend to discuss the butter question for fear of slipping on it, but I wish, for the sake of information, to ask the Minister of Labour a question. Under this bill I understand money may be advanced to certain corporations, or institutions. For instance, money might be advanced to the Canadian Pacific Railway for continuing work

in their shops or perhaps for the purchase of supplies where it could be shown that this is necessary in order to help out unemployment. Can money be advanced out of this fund to the Canadian National Railways for the same purpose, for example, the purchase of different kinds of supplies? What I had in mind was the purchase of sleepers. Supposing the Canadian National Railways had on hand at a given time, according to them, sufficient sleepers for their purpose, if the government deemed it necessary, for the purpose of relieving unemployment, to make a contract for the purchase of sleepers, would the Canadian National Railways be entitled to receive out of this fund sufficient money to purchase those sleepers?

Mr. GORDON: I do not think there is any question that under the terms of this legislation that course could be followed if it were found desirable and expedient.

Mr. REID: Paragraph (a) of section 3 reads:

Provide for special relief, works and undertakings in the national parks of Canada and elsewhere.

In British Columbia, in those camps which have been established for single men, there are some 5,000 who have been provided with clothing, food and shelter. Is it intended under this clause to provide useful work for those men?

Mr. GORDON: That was the main reason for inserting that phraseology; it was in order to give authority to do just such things as those to which the hon. member has referred.

Section agreed to.

On section 4—Payments for direct relief not to exceed $20,000,000.

Mr. MACKENZIE KING: If section 4 is carried, it will have to be carried on division and I should like the Chairman to read the section so that it may appear on the record. It will show of itself why we take exception to it. Under section 2 we establish a dictatorship. Section 4 provides the wherewithal for the carrying on of that dictatorship. There is no limitation to the amount that may be taken by the government out of the public treasury, no longer any control by parliament.

The CHAIRMAN (Mr. MacDonald, Cape Breton): Section 4 reads:

The governor in council may pay out of the consolidated revenue fund such moneys as may be necessary for all or any of the purposes of this act, but the amount paid for direct relief for the fiscal year ending the 31st day of March, 1934, shall not exceed the sum of $20,000,000.

[Mr. Veniot.]

Mr. IRVINE: Would the minister indicate on what basis the government arrived at this estimate of $20,000,000? If my memory serves me aright, when the minister was dealing with the resolution, he pointed out that there were in Canada at present some 1,300,000 persons on full or part relief. This amounts to about four cents a day for those on relief. It is well within the realm of probability that next year the number requiring relief will be greater and that those now receiving relief in part may require to have it in full. That being so, it appears to me that the sum required next year might be very much larger than the amount expended this year. Therefore I would like to know on what basis the sum is arrived at and what the government will do provided the amount of $20,000,000 is not sufficient to carry them along until parliament meets at the next session?

Mr. GORDON: The dominion's share of direct relief for the fiscal year 1932-33 will not amount to $25,000,000. The sum required for the coming fiscal year will not, in my judgment, amount to $20,000,000. Of course I shall have to match my judgment in the matter as against that of the hon. member for Wetaskiwin. If the sum does exceed $20,000,000, parliament will certainly be in session before this amount is by any means expended or commitments made amounting to it, and resort if necessary can be had at that time to parliament for legislation to supplement the bill now before the committee.

Mr. POWER: May I make just one observation before the clause carries? Under this bill entitled The Relief Act, 1933, and under this clause, the government may spend all the money they like on any conceivable thing they may think of, but when it comes to relieving distress they can spend only $20,000,000. That is all I have to say.

Mr. BRADETTE: I wish to refer to the moneys spent on direct relief in my own section, and I think the same condition applies all over Ontario. A number of storekeepers who have advanced money on scrip are kept waiting for their money from the government for as long as two and a half and three months. I have protested against that, and I would ask the minister to see that this condition is remedied. I do not know if this is one of the ways adopted for avoiding proper expenditure during the year or for the government to make a better financial showing, but three months is entirely too long for a retailer to wait who has been taking scrip in exchange for goods. There is not a single retailer or merchant who should have to wait that long for payment of his goods.

The minister knows that the wholesale houses will not sell goods on terms of three months, and I believe it is within both the jurisdiction of the minister and of the provincial government to see that these bills are paid more promptly. There is one complaint which has been attended to; the scrip has been made negotiable, but nevertheless the time for payment is altogether too long. I think thirty days should be made the utmost limit.

Mr. GORDON: The province pays the bills in the case of Ontario, and I presume it is to that province the hon. member refers, just as soon as the bills are received from the municipalities. If there are cases where a merchant has had to wait two or three months for payment, it is certainly not because of any undue delay so far as the contribution from Ottawa is concerned, because our contribution is made after the province has paid the bills. It may be that in some instances delay has occurred, but this is not the first time that retailers have had to wait a month or two for accounts to be paid; at least that is my experience, and I am not a retailer.

Mr. TETREAULT: If the hon. member for North Timiskaming lived in the province of Quebec, in my county for instance, he would know of municipalities which have had to wait ever since 1930 to get their accounts paid, and they are not paid yet.

Mr. LAPOINTE: Go and fight it out with the provincial government.

Mr. TETREAULT: I would not get any results.

Mr. MacINNIS: When we discussed this resolution previously, I drew attention to this section of the bill under which the amount that may be expended by the government for direct relief is limited. I would point out in connection with the answer given by the minister to the question by the hon. member for Wetaskiwin that all the information which the minister gave him in reply was based on his own opinion that more than a certain amount would not be necessary, and that if the amount should exceed $20,000,000 the house would be in session before then. I would also point out that the government have abandoned practically every means of dealing with relief except direct relief measures. I think that the number of persons now unemployed, and consequently the number on direct relief, is increasing daily. The government is reducing its expenditure on constructive work of all kinds and also in other ways. Our provincial legislatures are in session at the present time, and they are doing the very same thing. Our municipalities are on the verge of bankruptcy, and consequently they cannot engage in any constructive work. The result must be that more and more people will come on direct relief, and will have to be taken care of in that way. Because we are giving the government the right to make unlimited expenditures in every other direction is no reason why we should limit it in its expenditure in this particular direction. I have every confidence that this government will not spend on the unemployed any more than is absolutely necessary. As a matter of fact, I am quite willing to give them a free hand, particularly in regard to expenditure for unemployment relief, and I think the minister should reconsider this section and leave it on the same basis as other parts of the bill and as it was last year.

Mr. POULIOT (Translation): Mr. Chairman, I wish to give some explanation on the vote I shall cast in connection with this bill. First, I am opposed to a dictatorship. We had a dictatorship in 1930, and also in 1931. The measure, in 1932, was somewhat different, however, the bill under discussion is nevertheless equivalent to a dictatorship. The government, first, introduced an amendment to the effect that the outlay, pursuant to this bill, should not be over $20,000,000. Then, a second and third amendment were introduced annulling the first. Consequently, we are faced with a dictatorship. Under the circumstances, sir, owing to the present situation of the country, it is impossible to approve of this bill and I reserve the right to comment later on in this respect. All I wish to state for the moment is that this bill was not given the full necessary consideration while it was being prepared. The entire legislation introduced by the government, since 1930, has had most disastrous results and, basing myself on past experience, I have my fears for the future and therefore cannot approve of this bill.

Mr. IRVINE: Supposing the amount of $20,000,000 should be inadequate and that it runs out before parliament meets again, what will the government do in dealing with those requiring relief?

Mr. GORDON: I do not anticipate at all that such an event will happen, but if it does, I presume that there is a number of courses that may be adopted. I may be incorrect in this, but I suppose we could get a warrant for more money, or we could call parliament together. I feel confident, however, that the

fears which have been expressed by the hon. member are groundless so far as the question of direct relief is concerned, and of course the government will have to take the responsibility.

Mr. IRVINE: I do not like to see a limitation upon this particular expenditure, and therefore I move that all the words after the word "act" in the third line of section 4 of the bill be deleted.

Mr. GORDON: Mr. Chairman, I think the amendment is out of order. It obviously contemplates an expenditure of money beyond that which the government contemplates by this measure. For that reason I think the motion is out of order, as it is not sponsored by the government.

The CHAIRMAN (Mr. MacDonald), Cape Breton): I think the objection is well taken, and I declare the amendment out of order.

Mr. GARLAND (Bow River): May I point out that the carrying of this amendment does not necessarily in any way entail the expenditure of any more money.

The CHAIRMAN (Mr. MacDonald, Cape Breton): It may.

Mr. BENNETT: That is the basis upon which it is put.

Mr. GORDON: If not, it has no meaning at all.

Mr. GARLAND (Bow River): It may have. The object of the amendment is undoubtedly to free the hands of the administration in the event of a necessity arising. I agree with the mover of the amendment that this is perhaps the most important part of the bill. Under existing conditions I do not believe the government should be limited to any stated amount. I have never agreed with that principle since the unemployment crisis struck the country. The government has every opportunity to give employment and to carry on the necessary relief; I am not sure that it has lived up to its promises in that regard. I am certainly opposed to this committee fixing any limitation upon the government doing what it desires to do or considers to be necessary in any event.

Mr. IRVINE: May I point out that the deletion of the fixed sum of $20,000,000 might mean that they wanted to spend less than the amount mentioned. I do not believe the minister would be right in assuming otherwise. The minister has just said that if this was not sufficient the government would find means of making it more. Therefore in any case it would appear that the money would be spent. So I think we ought to be careful before giving a ruling such as the one now given, or declaring it final.

Mr. SPEAKMAN: On the point of order: Apparently the point raised is that the deletion of this clause would, in effect, mean an increase in public expenditure. Well, if the deletion of the clause means an increase in public expenditure it is obvious that its deletion must take place if we are not to interfere with the proper carrying on of this work. Because if it must necessarily follow that more money will be expended, I would say then it must also necessarily follow that the limitation is too small, and that the amount named is insufficient.

Mr. HEAPS: Would the chairman be good enough to give the house the basis for his ruling. I have always been under the impression that any amendment that had the effect of decreasing an amount would be in order. This amendment does not name any larger sum. Therefore I should like to know the basis for the ruling.

Mr. BENNETT: Mr. Chairman, the house has really dealt with this matter already—once—and therefore I think the amendment is out of order. The resolution was amended to enable the minister to place this clause in the bill. Special notice was given when the resolution was in committee asking for an amendment to the resolution to enable the minister to add this clause. Therefore the matter has been dealt with.

Mr. IRVINE: If it has been settled, then the addition is out of order because it has already been considered by the house.

Mr. BENNETT: No, dealt with.

The CHAIRMAN (Mr. MacDonald, Cape Breton): The rule is:

> No increase may be considered either of an existing, or of a new or temporary tax for the service of the year, except on the initiative of a minister acting on behalf of the crown.

The amendment moved by the hon. member is open to that construction. I understand his objection is that the amount is too small. For that reason I rule the amendment is out of order.

Section agreed to on division.

On section 5—Orders and regulations.

The CHAIRMAN (Mr. MacDonald, Cape Breton): Shall the section carry?

Mr. VENIOT: On division.

Section agreed to on division.

On section 6—Enforcement of orders and regulations.

The CHAIRMAN (Mr. MacDonald, Cape Breton): Shall the section carry?

Mr. VENIOT: On division.

Section agreed to on division.

On section 7—Orders and regulations laid before parliament.

Mr. POWER: I merely wish to repeat the suggestion I made last night to the effect that section 7 should be amended in order to cover any agreement, enactments, arrangements or contracts which may be made with the government, to avoid the situation we have now whereby orders in council dealing with certain matters are brought before us almost a year after the actual arrangement or agreement has been made. I make the submission with all deference and in good faith, but I am not going to insist upon it.

Section agreed to on division.

On section 8—Report to parliament.

The CHAIRMAN (Mr. MacDonald, Cape Breton): Shall the section carry?

Mr. VENIOT: On division.

Section agreed to on division.

On section 9—Duration of the act.

Mr. MACKENZIE KING: I should like to propose an amendment to section 9, as follows:

That section 9 be amended by adding the following words thereto: "Provided also that subsection (b) of section 2 shall be inoperative during the time parliament is in session."

Subsection (b) of section 2 reads as follows:

Notwithstanding the provisions of any statute or law the governor in council may:

(b) Take all such measures as in his discretion may be deemed necessary or advisable to maintain, within the competence of parliament, peace, order and good government throughout Canada, and to protect the credit and financial position of the dominion or any province thereof.

I submit, Mr. Chairman, that unless this section is amended in the way I have indicated we will be in the anomalous position that even while parliament may be sitting and may be enacting laws deemed to be necessary by the peoples' representatives the governor in council may overrule and override any law which parliament may pass. I think if we in this House of Commons, as legislators, are to be asked to commit harakiri, we ought to have, at least, one clause which will help to save our faces during the time parliament is in session. The purport of the amendment is to ensure that at least for the time that parliament is actually in session it will be supreme in the matter of any enactment which may be necessary for the purpose of maintaining within the competence of parliament peace, order and good government throughout Canada. I hope the Prime Minister will find it possible to accept the amendment.

Mr. BENNETT: Mr. Chairman, the right hon. gentleman was good enough to indicate to me a moment ago what he had in his mind and has just expressed. The only difficulty is that as the amendment is drawn it would limit the power of the governor in council to protect the credit and financial position of the dominion and any of the provinces thereof, which is a matter which might arise during a session of parliament. I am wholly in accord with the suggestion with respect to maintaining within the competence of parliament peace, order and good government throughout Canada, and I shall endeavour to have subsection (b) redrafted in such a way that when the third reading of the bill is taken it will be referred back for the purpose of adding a clause which, I think, will meet the right hon. gentleman's views. These words "and to protect the credit and financial position of the dominion or any province thereof" have been in the last two bills, and such an amendment would make it impossible to exercise authority under that provision at a particular moment, for instance, when it might be desirable to act because of a condition which might arise between eleven o'clock and three o'clock next afternoon. I therefore suggest that the right hon. gentleman accept my undertaking that we will submit a reconstruction of subsection (b) which, I believe, will meet his views, and which I shall send to him before the bill finally leaves this house.

Mr. MACKENZIE KING: It is the clause with respect to peace, order and good government with which I am particularly concerned.

Mr. BENNETT: Yes.

Mr. MACKENZIE KING: That is quite agreeable.

Section agreed to on division.

Bill reported.

VISITING COMMONWEALTH FORCES

Right Hon. R. B. BENNETT (Prime Minister) moved the third reading of Bill No. 40, respecting visiting forces of His Majesty, and the exercise of command, discipline and attachments of commonwealth forces when serving together.

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

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Tuesday, March 21, consideration of the motion of Hon. E. N. Rhodes (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Hon. J. L. RALSTON (Shelburne-Yarmouth): Mr. Speaker, as a fellow Nova Scotian it is to me always a pleasure to listen to my hon. friend the Minister of Finance (Mr. Rhodes). His long parliamentary experience, his knowledge of public affairs and his voice and pleasing presence makes it a matter of gratification to hear him speak on almost any subject. Last year I had the pleasure of congratulating him upon his accession to the honourable post of Minister of Finance of the Dominion of Canada, and I was at least able to congratulate him upon his manner of presentation and the distinction he had received even though I could not go far in congratulating him upon the tenor of the budget speech which he delivered.

My hon. friend, after one year, has had experience which I am sure must lead him to realize that there are onerous as well as honourable duties in connection with the Department of Finance. When listening to him the other day, knowing the outstanding position he occupies among his colleagues, I could not help thinking that if this was the best my hon. friend could do in the way of a budget surely this country is far from well off under the government which at present sits opposite.

In discussing the budget to-day the question which I put to myself and to the house is this: Will this be the budget when we get through with it in this house? I recollect that in years gone by, while my right hon. friend the Prime Minister (Mr. Bennett) was Minister of Finance, budgets were brought in which indicated that the main policy of this government was one of being able to right about face should the exigency require, and I shall be very much surprised if some of the terms of this budget are not dropped before this session is over. I do not know of any government in Canada since 1867 which has shown the ability to start and stop as readily as this government has. I remember that my right hon. friend the Prime Minister announced in no uncertain terms that we were to have sound money in this country, and he decried the use of the printing press. It was not so many weeks after he made that statement in this house and on the platforms of this country, however, that he put through the neatest little bit of inflation with printing press currency that we know of anywhere, in the issue of $35,000,000 of Dominion notes. How was that money secured? It was secured by treasury bills which the government first gave to the banks in order to secure a loan from the banks to the government; the banks then promptly handed back the government's own treasury bills and got $35,000,000 in Dominion notes for them.

I mention this instance to indicate that one cannot be certain that the assurances one may receive from the treasury benches, even from the right hon. Prime Minister, will verily come to pass. There are other instances I might mention. I remember distinctly that in one budget introduced by my right hon. friend the Prime Minister there was a headliner by way of an amendment to the Income Tax Act, but we all know what happened. It fell by the wayside; it never was put through. There was a tax on cheques under $5 which was abandoned, and certain exemptions under the sales tax which were to be struck out were left in. In introducing that budget my right hon. friend had the opportunity of his life to carry out the idea which he had so strenuously advocated and so forcibly expressed when he was on this side of the house, that is, to conscript portions of the deposits in banks and the insurance companies, but nothing whatever was heard of that proposal. Finally, in connection with that budget I remember my right hon. friend singing his swan song as Minister of Finance and expressing the regret he felt that he had been unable to carry out those policies which were so near and dear to his heart. Here is what he said, as it appears at page 3307 of Hansard for July 2, 1931:

> I believe my hon. friend from Labelle (Mr. Bourassa) was sincere in his suggestion with regard to taxation, because on more than one occasion he has done me the honour to talk about the matter privately. Probably he will realize that the disappointment to me is far greater than it can be to him and in fact greater to me than to any other hon. member. Realizing those facts he will appreciate my position. I should like to have seen applied in Canada some new system of taxation, and

he is quite right when he says it is not at all probable that I shall ever have a chance to try a new form of taxation, because it is not at all likely that I shall ever again submit ways and means to this house. I am not without hope, however, that some Minister of Finance—

I commend this to my hon. friend who now occupies that portfolio.

—reviewing the means by which taxes may be raised will realize the values and benefits accruing from a turnover tax.

Then he went on to say:

Sir, it has not been my privilege to introduce any new forms of taxation to this country at this time.

If he has not introduced new qualities certainly he has introduced them in quantities; there is no doubt about that.

I do not for a single moment disguise the fact that I would like to have done so. I should like to have written a budget which would have expressed my views with respect to taxation in Canada. That privilege has not been given, and it never will be.

And women wept and strong men bowed their heads. Then we had the spectacle just last fall of my right hon. friend rising in his place and intimating, if ever a Prime Minister intimated anything, that there was to be a measure brought down providing for unemployment insurance, that the matter had been considered and was to be placed before the Dominion-provincial conference, and that there were indications that it would go through. That made splendid newspaper publicity, but once more the constitution, my right hon. friend's bulwark, got in the way and as a result unemployment insurance is not to be introduced. Why? Because the provinces do not want it he says.

What I want to know is whether the government will stick to this budget or whether, when one speaks about it, he will be speaking about something which will be discarded before the budget is finally adopted.

There are some things that are sure, however, and of those things I want to speak first. My hon. friend the Minister of Finance has had a good many weeks to consider this budget. It was coming down the first week in March; then, due to events which were taking place south of the line, it was delayed. Naturally I have not had the opportunity which the minister has had to consider the various subjects dealt with in the budget, and therefore of course my treatment of them must be cursory as compared to his—and I mean cursory in the strict grammatical sense of the word rather than what it sounds like. There is one point I should like to mention, however, in dealing with the matter of time; I feel that I should put it on record. I am sorry that the Prime Minister is not in his place. Were it only a personal matter I would not mention it, but I think it has to do with the usual procedure of parliament and with the practice which has been long established in connection with the reply to the budget. The right hon. gentleman the other evening, in replying to my right hon. leader, intimated that a somewhat longer time than usual was being given to the representative of the opposition who had moved the adjournment of this debate—I presume he referred to myself. I have looked up Hansard and I find that when my hon. friend the present Minister of Justice (Mr. Guthrie) was to reply to the budget he had four days. I find that when the present Secretary of State (Mr. Cahan) replied to the budget he had four days. I find that when the right hon. the Prime Minister (Mr. Bennett) replied to the budget, when he was leader of the opposition in 1930, he had five days. I have been given three days. I just put that on record so that my right hon. friend—

Mr. GUTHRIE: Let me correct my hon. friend. Four days were forced upon me; I was ready the day following.

Mr. RALSTON: I can assure the hon. gentleman that four days were not forced on me.

As I have said there are some things in this budget which will not be changed and of which one can be sure regardless of what may take place in relation to the proposals contained in the budget. The Minister of Finance comes into this house representing, let us say, the board of directors of Canada Incorporated, and making his report upon the fiscal administration for the year. He is asked immediately, and he asks himself in making his report: How about what the Prime Minister calls the equilibrium between revenue and expenditure—has that been maintained? What is his answer? His answer is that unfortunately the equilibrium has not been maintained, but that there is a deficit on ordinary account of $53,000,000. Someone speaks up and says: Is that all? He says: No, that is not all. In addition to that there are special expenditures, less special revenues, of $38,000,000; capital expenditures of $9,000,000; loans and non-active advances of $2,000,000, making a total of $102,000,000 short of the amount of revenue collected. Again he is asked: Is that all? And again he says: No, it is not all. In addition we have the Canadian National Railways requiring $53,000,000; in other words, he is $156,000,000 short of having kept within his income.

Immediately the question is brought up: Did you tell us that this is what was going to be the result of this year's administration? You brought down a budget last year, and in the budget, according to the Prime Minister, it is necessary for the Minister of Finance to predict and to predict accurately what the results are going to be. I have looked back over the records and I find that my hon. friend did make a prediction. He predicted that if the taxes which were being levied were imposed there would be, not a deficit of $53,000,000 but a surplus of about $5,000,000 on ordinary expenditures. As reported at page 1766 of Hansard of April 6, 1932, he said:

> Without building too greatly on help from this source—

That is, returns from customs and excise taxes.

> —in the present year, it is the considered view of the government that reductions in expenditures, on the one hand, and proposed additions to the taxation revenues on the other, will in the final outcome represent a complete balancing of the budget on the usual current governmental services.

May I remind the Minister of Finance of what the Prime Minister said when he was chiding the former Minister of Finance with regard to the same matter. As reported in Hansard of 1931, at page 2168, speaking of the obligation of the Minister of Finance to forecast the results of his budget proposals, the present Prime Minister said:

> It is the basis of responsible government. It is the basis upon which representative institutions have been established, and that responsibility can only attach when there is some estimate as to what is being received by the country from the taxation imposed and as to what expenditures are to be made.

My hon. friend the Minister of Finance may say that he at least made an estimate even if it was $53,000,000 out, but I go further in connection with what the Prime Minister said. At page 1244 of Hansard of 1928 he made this statement:

> The Chancellor of the Exchequer, in delivering his budget address in the British parliament, is always held to the strictest account to the extent to which he has been able to realize his expectations; and the extent to which his representations agree with the facts of the year under review.

I can only leave my hon. friend to the tender mercies of his leader, but I want to comfort him with this information, that his leader, in predicting the net financial operations of the year 1932, was not $53,000,000 but $81,000,000 out.

I say to my hon. friend: You are out this money; you have not been able to balance the budget or to live within your income. Where did you get the money? He says, "I borrowed it." Very well; we come to look at the public accounts and we see what increase there has been in the public debt. I find the net public debt, as shown in my hon. friend's budget speech, to be $2,599,000,000 odd—I will not give the odd thousands.

May I point out to the house that "net debt" is not the term we have been using in this house, at least according to some authorities. Net debt is not the proper term at all, because net debt allows for certain questionable assets, certain matters as to which it is doubtful whether they can be collected. And I have authority for that statement. I find in Hansard of 1928, at page 1244, that the Prime Minister had no doubt about this point, that you should not speak of net debt, but that something else entirely different should be indicated. He said:

> May I venture to point out, sir, that it should not be difficult to ascertain what the debt of the country is, and I say further that there is no need to talk about "net" debt or "gross" debt. The proper term to apply is funded debt, and the funded debt of Canada means "the mortgage on the farm." Now if the mortgage on the farm is $5,000, payable the 1st of January, 1929, and you have in your current account at the bank $1,000 which must be used to pay taxes, for seed grain and various other demands, at the end of the year the $1,000 may be partly or wholly exhausted, but the mortgage on the farm still remains $5,000 and must be treated as such.

When, therefore, the Minister of Finance shows the net debt, I would point out to him that it means nothing either to us or to his leader. We must look at the funded debt, the unmatured public debt of Canada, which I find in another statement in the budget speech. On March 31, 1930, the funded debt of Canada was $2,194,746,563.57. In two years that had increased by $307,000,000 odd; and, taking the present figures shown in the public accounts, the present funded debt is, not $2,599,000,000 shown as the net debt in my hon. friend's statement, but $2,649,908,882.73; and there has therefore been an increase in the public debt since 1930, under the administration of my hon. friends opposite, of $455,162,319.16.

Now once more—though this is an old story to the house, it is not to the country—I would remind hon. members that in the last five years of the former administration the debt of this country was reduced by $257,000,000, and I point out to this house that the $257,000,000 which was saved is now gone. And with it has gone $200,000,000, and in addition to that, as my hon. friend's esti-

mate indicates, there will be at least $90,000,000 more for the coming year, even though he balances the budget so far as ordinary expenditure is concerned. May I recall to my hon. friend the words which the Prime Minister quoted a short time ago from the late Calvin Coolidge: "Anybody can spend the money that somebody else has saved."

That is not the only thing with regard to this matter of increased debt. The right hon. the Prime Minister has laid down some pretty definite rules with regard to financial accounts. One of the rules upon which he laid a great deal of stress but which I notice he did not follow in the accounts which he submitted himself, was that you must show accrued interest. He is reported on page 1247 of Hansard of 1928 as follows:

The Minister of Trade and Commerce knows that when you endeavour to indicate what the debt of your business is, you must always have regard to the accrued interest upon your outstanding obligations. I ventured, during the short time that I was at the Department of Finance, to look into this matter with some degree of care and it will be found that no where in that record as a liability is accrued interest even mentioned. When I say that $2,000,000,000 matures between 1933 and 1937 and that a half year's interest upon that sum alone amounts to more than $50,000,000, it will be easy for one to understand why the form and the system that prevail in connection with making out these returns should be altered and we should show what the accrued interest is from month to month in respect to our funded debt.

He continues:

When the hon. member for East Toronto (Mr. Ryckman) the other day indicated that it was just such systems of bookkeeping that brought wreck and ruin to the Home bank, he was stating the case exactly. You cannot make financial returns of the country's business and ask the people to believe them if you make no provision for accrued interest from day to day. In six months it amounts to $50,000,000 alone on these $2,000,000,000 of obligations, to say nothing of other amounts as well, that means a total of over $10,000,000 a month. Accrued interest must be taken care of in those returns if they are to be at all accurate.

Bearing in mind this fundamental principle as laid down by the present Prime Minister when in opposition, may I point out that there is not a dollar of accrued interest mentioned in the accounts which were brought down by the Minister of Finance the other day. According to the Prime Minister, that is the sort of bookkeeping which brought wreck and ruin to the Home bank. I leave the Minister of Finance again to the tender mercies of his right hon. leader, comforting him once more with the statement that those are exactly the sort of accounts his leader brought down himself.

I have mentioned what the total debt is, but that total debt does not include all the liabilities of this dominion. As I said a moment ago, the funded debt in round figures is $2,649,000,000 and there are guaranteed railway securities amounting to $996,000,000, making a total of approximately $3,646,000,000. In addition, the Dominion of Canada, under the powers alleged to be given by the unemployment relief act, has given guarantees with respect to the 1931 wheat crop, the 1932 wheat crop, the 1930 wheat crop, the province of Manitoba savings bank, the Beauharnois project and in connection with interest payable by the government of Newfoundland. Perhaps I have no right to include it, but from what the right hon. the Prime Minister said the other day I should think that we might anticipate a possible loss of $20,000,000 in connection with the flier in wheat with respect to the 1930, crop. These all make a total of $3,714,663,000. While the Dominion only actually guaranteed $996,000,000 of railway securities, the total outstanding obligations of these other roads is $1,276,000,000, leaving $380,000,000 which are not guaranteed strictly by the Dominion of Canada but which are in connection with roads most of which are part of the Canadian National Railways. These obligations may quite possibly be found to be liabilities, whether legal or otherwise. These are the indirect liabilities of the dominion.

Now I come back once more to another cardinal principle which was laid down by the right hon. the Prime Minister.

It is easy for a man to be strict when he is on this side of the house and feels that he is not going to have to assume responsibilities of office. I remind the Prime Minister that in 1928, he referred to that great financier Pitt, and said:

—the British people have always maintained a sinking fund. They have suspended the operation of that sinking fund at times when it was essential that they should do so, but look, if you will, at the operations of British finance to-day, and you will see that no matter how hard they may be driven, no matter how difficult may be their path, no matter how onerous their burden of taxation, they have always imposed upon themselves the providing of a sinking fund with which to discharge the national debt.

He continued:

Is this country to continue to be menaced by this economic evil, by this debt hanging over our heads? Are we to continue, of all countries in the world, to make no provision for the future? Are we to be content to expend our patrimony day by day without putting anything aside to take care of the long days of the future that are before us? I say it is unfair to posterity, and still more, it is unfair to ourselves, it is unfair to the taxpayers of this

country to extract from them each year these increasingly large sums of money and make no provision for the retirement of our national obligations. The sum to be set aside is not large. I can only say this, that if we on this side of the house were entrusted with power, we would not hesitate a single moment to make provision for the retirement of the national debt of this country.

Since that was paid, $445,000,000 have been added to the public debt of this country and not only has not one dollar been set aside to take care of that debt but there will be another deficit of $90,000,000 this year even though we balance the ordinary expenditure and raise all the money my hon. friend expects to raise by taxation. That statement that his party would not hesitate for a single moment if they came into power to provide for the retirement of the national debt sounds very much as though it came from the same gentleman who in 1930 undertook to end unemployment.

Mr. McINTOSH: And did not.

Mr. RALSTON: I have faced my hon. friend with a good many of his leader's statements but I come now to what is in the minds of the public of this country perhaps more than anything else, that is, the fact that my hon. friend, the Minister of Finance does not propose and is not attempting to live within his income for the next year. I want to place upon Hansard a brief resumé of the record of my hon. friend and his predecessor in office. This is the record which they have with regard to living within their incomes and making both ends meet. In 1931-32 there was a deficit on all accounts except railways of $114,000,000. I thought it was $119,000,000 but the Minister of Finance gave the other figure and I accept his statement. Adding the railway account to that, we find a deficit of $176,000,000 in the first year my right hon. friend the Prime Minister was Minister of Finance. In the year 1932-33, which my hon. friend reviewed a day or two ago, we find a deficit on all accounts excepting railways of $102,700,000 and on account of railways of $53,000,000, or a total of $156,000,000. Next year, even though we are able to collect the new taxes amounting to $70,000,000 and are able to balance ordinary expenditures, we will still have a capital expenditure of $7,000,000, special expenditures and advances amounting to $35,000,000, a railway deficit of approximately $48,000,000, or a total deficit of $90,000,000 for next year. That will make a combined deficit in three years of their administration of $422,000,000.

I should like to point out to my hon. friend his record with regard to expenditures, because he referred to the dead hand of past lavish expenditure still weighing heavily upon all public bodies. I should like to put upon Hansard a record of the expenditures since 1927, not including railways. They are as follows:

	Ordinary expenditures	Total expenditure
1927	$319,000,000	$358,000,000
1928	336,000,000	378,000,000
1929	350,000,000	389,000,000
1930	357,000,000	398,000,000
1931	389,000,000	440,000,000
1932	372,000,000	448,000,000
1933	364,000,000	417,000,000
1934	355,000,000	397,000,000

Let me point out that in 1927 the exports alone of this country was valued at $1,267,000,000 while our total expenditures were only $358,000,000. In 1933 the export business of this country was $494,000,000 and our total expenditure was $417,000,000. My hon. friend talks about the dead hand of lavish expenditure. I shall give him just that sample to indicate where we are getting in this matter of trade and of expenditure, and to back up, if I may, the persistent call which is going up all over the dominion in newspapers and public bodies for my hon. friend to reduce expenditures. I point out to him that last year, without taking the railways into account, there was an expenditure of $417,000,000, the railway deficit was $53,000,000, making in all $470,000,000, and yet the total goods exported from Canada amounted to only $494,000,000. In other words, practically all our goods for export are going to pay the expenses of government, and yet my hon. friend talks about the dead hand of lavish expenditure.

I know his difficulties; I know he has on his hands the question of relief and other matters of that sort, and I intend to deal with one or two of them in a few moments. He knows what we think of the way in which relief money has been administered in this country. I think $113,000,000 or $123,000,000 have been spent in one way or another in connection with relief. I wish I could say that it had solved the problem and had afforded the employment which was promised, but I find there has been this expenditure and to-day we are faced with unemployment more widespread than ever and with a budget which does not pretend to be balanced, while at the same time we are confronted with taxation the like of which has not been known in Canada since confederation.

Let me point out to my hon. friend what was done in Great Britain with respect to balancing the budget. My hon. friend of course realized, as the year progressed, that his expectations regarding revenue were not

being fulfilled. It was commonly reported in the newspapers that there was going to be a deficit of $40,000,000 or $50,000,000. What did the British government do when they realized that there was going to be a deficiency in revenue in the old country? They did the obvious thing; they cut down expenditures. My hon. friend, on the other hand, maintains his expenditures just as they have been voted by parliament, regardless of the fact that he knows that his revenues are not coming up to expectations and the result is that he appears before us to-day with a tremendous deficit. Let me give the facts in regard to the British budgets. The first budget of April, 1931, had an estimated revenue of £885,000,000 and an estimated expenditure of £884,000,000. The second budget of September, 1931, had an estimated revenue of £866,000,000 and an estimated expenditure of £864,000,000; it was balanced again. But when they came to get in their receipts of the revenue for which they had estimated, they found they were falling off and they got only £851,482,000 in revenue, but on the other side of the sheet, instead of going ahead and spending what had been voted, they cut down their expenditures as they went along and at the end of the year they had actually spent only £851,118,000. In other words there was a balance to credit of £364,000, notwithstanding the fact that there was a reduction of £15,000,000 in actual revenue from the estimate. That is the way in which financing is done in Great Britain.

Two years ago the Prime Minster, speaking in the house, intimated that he was not responsible for the large expenditure in the year ending March 31, 1931. We pointed out that he had taken office in August, 1930; that the estimates had been voted, but that that was all that had been done; that he had a right then to put the blue pencil through any estimates he wished and to pass orders in council curtailing his expenditures. But the government went ahead spending regardless of the fact that the revenue was not coming in. The same thing happened in 1931 and again in 1932. Now my hon. friend is faced with an agitation throughout the country which is becoming more audible and stronger every minute, that he must and ought to balance the budget; that there should be, as is said in some of the telegrams I have received, some equality in sacrifice; that further taxation should not be imposed upon the people until the government makes some real sacrifice with regard to public services. Before I finish I am going to deal with one or two instances of that.

With regard to the attempt to balance the budget not by increasing taxation but by reducing expenditures, which is the first way to balance a budget, the effort has been pitiful and halfhearted, and by the way, it has also been somewhat that of an opportunist. By the wording of the budget I doubt whether my hon. friends opposite a couple of weeks ago had any idea of cutting anything off expenditures. That 10 per cent cut sounds as if it had been inserted at the last minute. Is that the way to balance a budget? When my hon. friends know they are not going to get the revenue and they are going to require increased taxation, is the way to balance the budget simply to cut 10 per cent off the public services without any reference to what the services may be, to tell parliament nothing about the amounts that are to be left out? Is the usual course not to come before parliament, to go over in a deliberate manner the expenditures which are to be made and to strike out items which are not to be expended? Instead of that we have the usual full bill of fare so far as estimates are concerned, with no sugegstion that they are to be cut down, and suddenly the Minister of Finance, in the middle of the session, after the other ministers have been allowed to submit their estimates, comes to the house and says that there is to be a general cut of 10 per cent. Parliament has the right to know where these cuts are to be made and it is not fair to ask us for a full vote and then simply take off 10 per cent as my hon. friends may see fit. That is one remark I want to make with regard to the 10 per cent cut.

Let me give an illustration or two with regard to relief expenditures. Last year my hon. friends paid out for relief $35,000,000; they loaned $38,000,000; they guaranteed what I mentioned a moment ago to banks in Manitoba and others and they made loans to the Canadian Pacific Railway, one of $1,400,000 and another of $1,000,000. One of these is not paid yet.

Mr. VENIOT: The amount of $1,000,000.

Mr. RALSTON: The $1,000,000 item is not paid yet.

They have also entered into a guarantee with regard to the marketing of the 1930 wheat crop. I do not intend to spend much time on that subject this afternoon, but it is being discussed in the public press of the country. While I am prepared to admit that the Prime Minister did not deliberately mean to mislead the house, he certainly left an impression which was different from the facts with regard to the marketing of the 1930 wheat crop and the guarantee

that was given. He left on the house the impression that the operations which were being conducted by Mr. McFarland were in connection with the wheat which was being taken over from the farmers. Instead of that, what was done, as I am informed, was this: they took the wheat purchased from the farmer and converted it into "futures" from time to time. This may or may not have been good policy, because it was betting against the future, but it had this in its favour, that the "futures" represented wheat actually purchased from the farmer, and it might be legitimately a matter which the government might, to save carrying charges, turn over and over in the hope that a loss might eventually be saved. But I say it is absolutely wrong for the government to guarantee that marketing operation and permit it not simply to deal in wheat purchased from the farmer but to speculate in futures which have nothing to do with the wheat purchased from the farmer originally, and to do this in order to accomplish two objects: first to bolster up the market, that is, Mr. McFarland or his agency, having attempted to sell find the market low, and adopt the simple expedient of themselves buying "futures" in order to create a demand. That is the way they bolster up the market. Secondly, faced with a situation where there is a drop in the "futures" which they hold, they go into the market, but not simply to handle the same quantity of wheat they had before, but to speculate and to cover their loss by making a bet in July for instance that the price of wheat in October, say, will have gone up by that time, and they buy more wheat in the form of futures. While my right hon. friend (Mr. Bennett) calls it hedging, it is no more hedging than it is for me, if I am in the market holding Montreal Light, Heat and Power and find it going down, to go and buy Consolidated Gas to endeavour to recover my losses. That is not hedging at all. It is just plain, ordinary speculation, or what is more properly called gambling in the wheat market. My hon. friend and the government have backed up an organization which is doing that. They say it is in the interests of the western farmers. I say that they should cut their loss in connection with the respectable transaction of buying the farmer's wheat and should not keep on trading back and forth, in "futures" transactions that have nothing whatever to do with the quantity of wheat that has been purchased from the farmers themselves. My hon. friend the Minister of Finance last year gave us the impression that there was going to be no loss from that operation. Let me read what he said, at page 1759 of Hansard of 1932:

[Mr. Ralston.]

> The house will recall the problems which the Canadian Cooperative Wheat Producers, Limited, faced in financing its operations in connection with the 1930 crop. The government, believing that it was in the national interest to protect the credit of the marketing agencies in such a way that the grain might be marketed to the general advantage of growers, had given an undertaking to the seven chartered banks concerned, which then made available the necessary credits. The undertaking was given status by order in council P.C. 2238, dated September 12, 1931. This undertaking—

This was in the budget speech of a year ago:

> —has served its purpose, and without cost to the treasury. Based upon present market prices the expectation is that, when all accounts are settled, the Canadian Cooperative Wheat Producers, Limited, will be able to settle all advances without recourse being had to the dominion's guarantee.

Even if that had been so, it is no justification for this government going into wheat speculation with the money of the people of Canada. Let me go further and give the statement of my right hon. friend the Prime Minister last fall, at page 1093 of Hansard. He is speaking of the different people who are in the grain business, and he says that the second class, the speculator, has disappeared, and he gave the impression that the government had taken the speculator's place. He said:

> Under these circumstances, Canadian Cooperative Wheat Producers Limited, to which I have referred, became the only available hedging organization left in western Canada, and the government is faced at the moment with the issue as to whether or not, under these circumstances, it would give its support as provided by the Relief Act passed in 1931 and 1932 as well—this being a product of the field and the farm,—by guaranteeing to the banks such sums as might be necessary to enable these operations to be carried on by this organization. But before that was done the government had to consider whether or not the interest of Canada as a whole would be best served by continuing the bonus which we granted last year or by taking the steps I have just indicated for the purpose of protecting the general situation in connection with the marketing of wheat.

That is where my right hon. friend, perhaps unconsciously, misleads people. He says that it is done to protect the general situation. What that means in plain, ordinary language is that they were buying wheat in addition to what was purchased from the farmers in order to support the market, in the hope that some day the price of wheat would go up. It is exactly as the farm loan board did in the United

States, with this exception, that this organization in this country goes further and trades in wheat "futures" that do not at all represent what has been taken over physically. The Prime Minister went on:

I hasten to assure the house that on a balance of financial benefits it is clear that in respect of any obligations which might be incurred—it is not possible that any heavy obligations will be incurred unless something very unforeseen happens—the amount involved will be less than would be involved by the payment of the bonus requested. Weighing the situation as a whole, the probabilities pro and con, the effect upon the dominion, the business which would be secured and the chaos which would result from the absolute failure to sell wheat except as a distress commodity, the steps which I have indicated were taken.

If I might say so, I do not think any good purpose would be served by going into the details of the operations which we have entrusted to the organizations I have mentioned under the management of Mr. McFarland. However, the closest supervision has been exercised and we believe and we have had no reason to change our minds at the present moment, that the steps taken will be more beneficial to the dominion as a whole and will secure for the country as a whole greater advantages than if we paid the producer the bonus which was paid last year and which we are pressed to continue this year. Except for the mention of the exact financial amount involved, which obviously it is difficult to give, I think I have answered all the questions asked.

Those are the Prime Minister's words. Now what was said in the budget speech of 1933? Last year there was going to be no financial commitment. What does the Minister of Finance say this year? At page 3220 of Hansard he says:

The guarantee of advances to Canadian Cooperative Wheat Producers Limited in connection with the 1930 crop remains in effect, and it was necessary during the past season for the company to increase its liability as a result of stabilizing transactions which it was considered expedient in the public interest to support. To these operations the government gave its guarantee. The steadiness which has developed in the wheat market has undoubtedly vindicated the action then taken—

Note this:

—and the question of ultimate liability will depend entirely upon the future course of wheat prices.

How naive! Could it be anything else but that? Of course it will depend on future prices. How much had the government's action to do with stabilizing the wheat situation? On account of the situation in the United States recently there was a flurry in wheat in Winnipeg and the market went up. I do not think the government's action had a great deal to do with that. It may be that my right hon. friend may pull out of this transaction with a whole skin, and certainly everybody hopes he will, but it will not be because of his business administration but simply because he happened to be lucky, just the same as I might be if, having purchased a ticket on the Calcutta sweepstake, I drew the grand prize. That was done under the Unemployment Relief Act. I need not say what everyone realizes—my hon. friend the Minister of Trade and Commerce (Mr. Stevens) himself pointed it out in a speech not long ago, how important the wheat market is to this country that our farmers should sell their wheat, but our farmers themselves I am sure do not want this government to go into gambling in wheat to support the market, and the government should take its loss and get out and be rid of that transaction.

With regard to relief moneys generally, there has been a good deal said in the debates which have just closed, and in previous years, with regard to the expenditures. I believe it will be found that there has been absolutely no considered, deliberate policy with regard to relief. When our descendants, supposing they enter a time of stress and strain, which God forbid, such as we have had, look back and find out how we handled unemployment, I do not believe they will be able to find very much light in the darkness in order to guide them in evolving a policy in that respect. They will find that we spent money, and spent it lavishly, but they will not find any enlistment whatever of national effort; they will not find any national organization. They will find a blanket vote, money paid out for this, that and the other, and guarantees on all sides. But they will find no deliberate, ordered policy in connection with this great question of unemployment.

I say, Mr. Speaker, that they will find that what happened was this: We started out with a vote of $20,000,000, which was supposed to be in part for public works and part for direct relief. They will find that we got into public works and that we forced on the provinces and the municipalities in this dominion an expenditure of $100,000,000, which is a noose around their necks to-day. Now we have come back again to direct relief because, forsooth, of constitutional difficulties. That is going to be the record which is going to be read by our descendants when the time comes for them to look over what we have done and the policy that we have adopted in connection with relief.

With regard to other expenditures, on the Canadian National Railways, my right hon. friend the Prime Minister, speaking at Hamilton a short time ago—I have not the speech

here but I read it last night—indicated in no uncertain terms that it was the Liberal party which built and guaranteed two transcontinental railways and set them out to compete with one another. My right hon. friend, if he knows anything at all, knows the history of those roads. He knows that the Grand Trunk Pacific and the National Transcontinental were voted for in 1904, and that the building was commenced at that time. He knows that at that time there was a policy on the part of the Conservative party for a second transcontinental railroad, except that it was to take the form of completing the existing railroad to the coast. He knows, further than that, that in 1911 the Liberal government refused a grant to extend the Canadian Northern to the Pacific coast and in 1912 the first vote was made by the government he supported, a vote of $6,000,000 to extend the Canadian Northern railway through the Yellowhead pass to Vancouver; and he knows that not until 1914 was the large grant made of $45,000,000 in order to make the Canadian Northern a transcontinental railway with a terminus on the Pacific coast as stated by Sir Robert Borden at that time. That is the early history of the railroads.

He knows that in 1917 there was an opportunity to take over those roads as bankrupt concerns. He knows that instead of that $10,800,000 was paid for the stock of the Canadian Northern railroad, that we took the railroad over, and that we have its bonds to-day. He knows the Grand Trunk was taken over also by the Meighen government, and at that time, after arbitration, although nothing was paid for the stock the bonds were assumed, because we took the road. There was no attempt made to write down the bonds, but operation was taken over and, as the Duff report states, in 1917, government ownership of the railroads was adopted.

Yet at Hamilton my right hon. friend stated it was the Liberal party which built two transcontinental railroads and set them to compete with one another.

Mr. BENNETT Hear, hear.

Mr. RALSTON: He says, "hear, hear." I have given him the facts.

Mr. LAPOINTE: Will you repeat it?

Mr. BENNETT: I certainly will, because I happen to know the facts.

Mr. McINTOSH: He is still in the woods.

Mr. RALSTON: I am making a statement; I am saying what the records show. My right hon. friend at one time was very anxious to take credit for the Canadian National Railways, as was the Minister of Justice. I state that the Canadian National operation was fairly successful under the late administration. There was an average of $24,000,000 a year earned towards payment of interest. I have not the actual figures for the deficits before me, but the deficits from 1919 to 1921 averaged $22,000,000 a year, while from 1922 to 1930 there was an average yearly amount available for interest of $24,000,000, and in 1931, the first year of office of hon. members opposite, there was again a deficit of $5,000,000. That is the record of the Canadian National Railways as they functioned in the hands of hon. members opposite and in the hands of the party on this side of the house. I think it ill-behooves my hon. friends to throw this national railway system into the maelstrom of political strife, and to show, or to attempt to show, as was done a few nights ago, that the other party is solely to blame for the Canadian National Railways.

As I have said before the Canadian National railway system is the result of policies which were put into force in 1917; the principle of government ownership was accepted in that year. Then, in 1922, when the King government came into power, they found the roads under a committee of management which supervised each road which was administered by separate boards of directors. The Canadian National Railways Act, passed in 1919, was proclaimed in 1922, in order to coordinate the management of the roads.

With regard to the Canadian National Railways I wish to say this, and to repeat what I said the other night, that it is no use to talk about the Canadian National Railways as having a certain capitalization and as paying interest on the total capitalization of what is really a combination, or conglomeration of roads. The capitalization is $2,300,000,000. It consists of a lot of roads some of which, as I have said, were bankrupt, and some of which as my right hon. friend admitted, were in poor shape. Those are roads on which certain expenditures have been made but we cannot possibly charge up, or expect those roads to pay, interest on those moneys, and the sooner the Canadian people come to the conclusion that it is necessary to put the Canadian National Railways in a sound capital position in order that it may be self supporting, and in order that it may have a fair chance to live, the sooner it will have a good railroad and the sooner the finances of the dominion will show a true picture of actual conditions. It is not fair to set aside Canadian National

expenditures by themselves and expect this combination of good, bad, and indifferent roads to pay the interest on all the money which was originally paid for their construction. I would not wonder if my right hon. friend will impose some sort of tax which he will earmark "Canadian National Railways." It would not be fair to the Canadian National Railways, it would not be fair to the Canadian people to expect them to pay interest on the amount of capital which is invested in the railways.

So much for special expenditures. What about ordinary expenditures? What reductions have my hon. friends made in that connection? I have already mentioned the ten per cent reduction in expenditures. We now find that my hon. friend has given an indication of a certain class whom he purposes shall contribute towards that reduction. I am glad to hear from what has been said in the house by my right hon. friend the Minister of Finance that it looks as though there would be some likelihood of a reconsideration of the proposals to deduct from pensioners the amount of their pensions. I wish to point out to the house as strongly as I can that pensions have always been given to ex-service men because of the disabilities they suffer. It is on account of his lessened earning power, not in the particular profession in which he is engaged at a particular moment, but on account of his loss in earning power as a common labourer, because all soldiers were reduced to that common denominator when it came to the question of disabilities.

But it is for something else. It is to make up as well as we can in money for the inconvenience, for the suffering and hardship which a man endures by reason of having an amputation or because of other physical disabilities. I have in my constituency two postmasters, one of whom has a leg off close to the hip and another a leg off close to the knee. Those men are getting pensions. They are also receiving their salaries as postmasters. I undertake to say there would be a most scathing denouncement by members of this government against any employer who took one of those men on as a bookkeeper in his office, and attempted to deduct from his salary the amount of his pension. I believe when the government realizes what this action would mean as a breach of contract, it will reconsider that item in the budget, to which reference has been made. We have too long recognized the fact that ex-service men were entitled to preference in connection with civil service positions to suddenly repudiate it now. We knew they were getting pensions. In fact, the man who got a pension was the one who had first preference for a position. Can we possibly say now that although we knew you were entitled to a pension, yet in view of the fact that you took that position, we will take the pension from you? I say, Mr. Speaker, that it simply amounts to a direct discriminatory levy against this particular class in the community, against men who have served overseas and who are receiving pensions for physical disabilities. It is a discrimination against those men. Do you think it is fair that this particular class, of all classes, should be picked out by Canada, at this time, and be subjected to the loss of their pensions, which may be equal to a fifty per cent assessment on the incomes they are receiving?

Further than that, the dependents are entitled to those pensions, as well. Commitments have been made; men have got married have taken houses or have undertaken other obligations on the faith of those pensions. Is it fair to take pensions away from them at this particular time just because of the fact that the country is in a difficult position, financially? Is it fair to pick them out and to have, as I say, a direct levy made upon that very class in the community, a class which I would think would be the last to be asked to contribute, except in a time of greatest stress, in view of the contribution which they have already made overseas. I think, Mr. Speaker, that that is another case where, although long consideration was given to the budget, sufficient consideration was not given. Some one suggested on the spur of the moment that somebody was getting two salaries, as they put it, and as a result this proposal went into the budget. I think it will be found that these are not two salaries, and the public will realize that; the one is compensation in connection with a physical disability, and the other is the usual pay a man gets for performing a day's work, or whatever work may be required in connection with the government job he may hold. I have not the slightest doubt but that there will be a substantial change in connection with this particular item in the budget before the budget passes, and I invite an announcement from the Minister of Finance in regard to this matter just as soon as possible.

There have been some other reductions made. Announcement is made in the budget speech to the effect that a committee has been appointed in connection with the cost of printing and stationery. I say that is a comparatively minor matter. It might even amount to a million dollars, I do not know, but it is rather a pitiful and puerile way for the government to attempt the tre-

mendous task of cutting down these expenditures by millions of dollars. I say that the very fact that this is mentioned indicates how little real attention has been paid to this vital matter. The Gibb report is mentioned also as perhaps giving some promise of a reduction in expenses. The Minister of Finance had hardly said his last word before the right hon. Prime Minister rose in his place and indicated that because of representations that had been received from various quarters it was doubtful whether the legislation based on the Gibb report would be brought down. So I say it is very difficult for one to tell exactly whether this will be the budget we will finally consider.

Now let me mention one or two other matters that are in the minds of the people, though hon. gentlemen opposite may say they are minor matters. I imagine there were very few people in this country, when they saw the contents of this budget, with the taxes which are being imposed and the lack of any real reduction in expenditure, who did not immediately think of the radio commission, for which we are being asked to vote $1,000,000 at a time like this. I think the very first day the estimates of the Minister of Trade and Commerce (Mr. Stevens) were brought down I took occasion to say a word with regard to a salary which was being increased in his department. That salary is being paid to a man who I understand is a returned soldier and who, I understand, is in every way well equipped for his job. It did seem to me, however, that it indicated an attitude of mind on the part of the government which they should not have at this time; it seemed to me they had not gone over the estimates and pruned them as they should have. I remember a research item of $21,000, I think in the estimates of the Minister of Trade and Commerce again, which could have been cut out just as well as not. It was there as usual; we were asked to vote it as usual. Apparently no real consideration has been given by the government to the question of really pruning these estimates and cutting the coat to fit the cloth. These are matters the people of this country have in mind at this time; these are matters which are going to cause more of an uproar than there already has been if some real attempt is not made by the government to reduce expenditure.

On the other side of the picture the income tax is to be increased, not in the way that was proposed by the right hon. Prime Minister two years ago but at least to some extent. Here again the small taxpayer is being brought in; exemptions are being lowered and there is to be an increase of 650 per cent imposed on the man earning a salary of $2,500, with only a 14 per cent increase imposed on the man with an income of $50,000. Those are matters about which the people are wondering. I do not think any more illuminating document could have been published—and I say this to the Minister of National Revenue (Mr. Ryckman), who is not in his seat—than the chart which recently appeared in the National Revenue Review, which shows the collections of income tax from certain classes of the community, and in certain income brackets. I say that publications such as this give information a great deal more quickly than long rows of figures, and I want to congratulate the minister on having published this statement.

I have no doubt the income tax will bring in a large amount of money; at least I hope it will, but at the same time I believe in his own heart the Minister of Finance is convinced that he is making a mistake in going to perhaps ten thousand, fifteen thousand or twenty thousand people and getting small contributions of $2, $5 or $10. I believe the cost of collection will almost equal the amount of money he collects. Perhaps this is being done with the idea of equality of sacrifice, but if all this time my right hon. friend has left out this class I do not think that when he brings them in he should at the same time increase the tax on small incomes so greatly while the tax on an income of $50,000 is increased by only 14 per cent. I shall not deal at greater length with matters of income tax generally, because they can be discussed later on when the bill is brought down.

Let us consider for a moment the other taxes. There is to be a tax of two cents per pound on sugar, and I understand that molasses is taken from the exempted list under the sales tax. We are told that $20.000,000 is expected to be raised from the tax on sugar. That amounts to $2 per head for every man, woman and child in this dominion and I submit, Mr. Speaker, that this tax, bearing as it does upon a necessity of life that always has been regarded as an essential, coupled with the removal of molasses from the list of exempted goods under the sales tax, imposes a very great hardship on the poorer people of this dominion. So far as the sugar industry is concerned I have no fault to find with my hon. friend. That industry is well protected; in fact it is too well protected, but this tax is not going to be paid by the sugar industry. This tax of two cents a pound will be paid by the individual householder who, with sugar at the present price, will have to pay a 50 per cent tax on all the sugar going into his house.

The removal of other foodstuffs from exemption under the sale tax will bring about the

same result. I have not gone over the list of exemptions carefully enough to know how many commodities are included, but I do know that generally speaking it is foodstuffs that are affected.

Then we come to the nuisance taxes, and first there is the tax on cheques under $5. Two years ago the Prime Minister abandoned that idea, but now he takes it up again. With regard to the tax on bonds and on payments made out of Canada I have no doubt that my right hon. friend has received representations long before this from companies all over this dominion who have had their corporation tax increased by one and a half per cent and who now will be forced in addition to absorb this tax on interest payable in the United States. Why do I say that? Because of the fact that the trust deeds, in almost every case, under which bonds are issued provide that the company must absorb any tax that may be levied except Canadian income tax, and as a result instead of taxing the foreigner receiving this bond interest my hon. friend is taxing the Canadian company. As I say, I have no doubt that representations have been received by my hon. friend the Minister of Finance before this, and if he has received telegrams similar to those I have received I have no doubt he will have to give serious consideration to this further taxation of Canadian companies.

With regard to the taxation of foreign investments in this country, the Prime Minister knows the argument that was advanced two years ago as to foreign capital coming to Canada. He knows whether or not that argument is effective; he knows far better than I do. Two years ago the Prime Minister abandoned this tax after it was proposed. Whether he will do the same thing now remains to be seen. I do point out to him, however, that this is a debtor and not a creditor country, that we are a borrowing and not a lending nation, and any tax on capital coming here to help our industrial development must be considered very carefully. With regard to taxation generally, however, I have no doubt my right hon. friend is saying that the opposition have nothing to do with taxation anyway. This is what he said in 1928:

> There is not much to be gained by an opposition suggesting anything with respert to the income tax nor indeed, for that matter, respecting taxation generally. Taxes must be imposed by the government and under our institutions proposals in this regard must originate with the administration of the day. The government only can take the necessary action in this respect.

My right hon. friend has made the proposals, but I miss my guess very much if those proposals are not considerably changed before this bill gets out of the committee of ways and means.

My hon. friend, as one headliner in the budget, indicates that he is going to establish what he calls a stabilization fund. Stabilization is a better word than bonus—agricultural stabilization. It means, according to the hon. gentleman, that there is to be paid to the exporter of certain products which are named in the budget the difference between the current rate of exchange and $4.60 in connection with goods shipped to Great Britain.

Now, no one can tell how it is going to work out until he sees the result next year. I said the same thing about the wheat bonus and I repeat it now in regard to this matter. In principle I am opposed to this sort of legislation, because I do not believe it is sound but if bonuses are going they ought to extend to every natural product and, as someone suggests, factory products as well. I cannot see how you can pick out some part of the community shipping to Great Britain and say to that class that they will have a certain amount made up on what they lose in shipping to Great Britain, while other exporters are given no such consideration. Take for instance the fresh fish producers. According to this they will get a bonus, but the preserved fish man does not. Why, I cannot understand. Again, the canned fish man receives consideration, but the man whose product is pickled fish does not. I have no idea what the reason for this discrimination can be. Take lumber, coal, wheat —they are left out altogether; and the same applies to butter, apples and all these other products. What the reason is, we do not know. One could name numbers of natural products that fall into the same category. After all, Mr. Speaker, I ask you: Is there any guarantee, except what the Prime Minister said last evening to the effect that the government were considering the matter of machinery, that the man who actually produces the goods will get the benefit of this bonus? The exporter is the one who will get it, according to the budget speech. Is this going to be the practical working out of it—that perhaps the people of this country are to pay $2 per head of a tax on sugar in order to subsidize the British consumer? Is that going to be the practical outcome? The benefit may never accrue at all to our producer, because this is a buyer's market. The buyer may say to him, "Yes, but you are getting so much from the government and you must take that off the price." The result is that the British consumer will get his goods that much lower. How is the Prime Minister going to prevent it? I hope he has in mind some means whereby he can prevent this

occurring, but I would point out that very often schemes of this kind miscarry. My right hon. friend has to watch two individuals in connection with such a scheme—not only the British consumer but the exporter as well.

Let me make a few observations with regard to fish. I say to my hon. friend that he will not get very far in assisting the fishermen of the east in shipping fresh fish to England. I believe there was about $300,000 worth of fresh fish shipped last year to England whereas the shipments to the United States amounted to something like $6,000,000. If this provision is intended to assist the producer of fish, why does he not get the bonus for the fish he ships to the United States as well as to Great Britain? What is the difference? He ships $300,000 worth to one market and $6,000,000 to the other. I am afraid this will not do our Atlantic coast fishermen any good. I shall be very glad to see them get it, and I advocated it when the wheat bonus was brought up. But the fact is that you will not find any large shipment of fresh fish to Great Britain.

I say to the Minister of Finance, who was formerly Minister of Fisheries, that if he wishes to help the shore fishermen of the maritime provinces all he has to do is to refuse licences to trawlers when they expire on March 31. That would be more helpful to that class of the community than this stabilization fund can possibly prove. I say that to the minister in all seriousness. I mentioned this last fall, and now is the time to act. The provision of the order in council is to the effect that if the shore fishermen can supply the market then the trawler licences are not to be granted, and I say that the time has come when trawler licences should be refused, inasmuch as the shore fishermen are in a position to supply more than the market which they have. Moreover, the price is only about three-quarters of a cent per pound and at that figure they can hardly make a living wage; they must have the maximum of production to make even a fair portion of a day's wage. Last fall I put on record the receipts of the fishermen from day to day, and the situation revealed then has not shown any improvement. I say to my hon. friend therefore that he would do far more for the shore fishermen by refusing licences to trawlers off the Nova Scotia coast than he can possibly do in connection with the stabilization fund.

This idea of trying to assist an industry by simply having one part of the community contribute to another section is something I do not agree with. We are not getting anywhere by pursuing that policy; we are simply lifting ourselves by our bootstraps. That, I submit, is not the sort of policy that will revive trade and produce tonnage for our railways and revenues through the Customs department. It cannot be done that way. We must find some means whereby exports will be encouraged and revenues will be obtained, not through increased prices to be charged the people of Canada but from the people who are buying in the markets of the world.

Mr. MANION: Does my hon. friend apply that to coal? Does he take that attitude with regard to coal?

Mr. RALSTON: I have taken the same attitude straight along. My hon. friend knows that we do not export coal.

Mr. MANION: But we give it a bonus.

Mr. RALSTON: I beg my hon. friend's pardon; we pay subventions.

Mr. MANION: It is the same thing.

Mr. RALSTON: No, it does not amount to the same thing.

Mr. MANION: I thought my hon. friend would change his position.

Mr. RALSTON: In connection with the carriage of coal to upper Canada we pay subventions with respect to freight rates. I advocated it and it was put into force long before my hon. friend came into power.

Mr. STEVENS: It is still lifting yourself by your bootstraps.

Mr. RALSTON: We do it because it is a Canadian industry which we want to preserve and we are not thereby assisting foreign consumers. My hon. friend knows what the difference is. He will realize perfectly well that in this case the man who gets the ultimate benefit from the action which the government proposes is the British consumer.

Mr. STEVENS: I don't know anything of the kind.

Mr. LAPOINTE: Suppose we have a little order.

Mr. STEVENS: Yes, on both sides.

Mr. LAPOINTE: We did not interrupt the Minister of Finance.

Mr. STEVENS: We are not interrupting.

Mr. RALSTON: I come now to what might be a helpful suggestion to my hon. friend in regard to the way in which he might balance his budget after he has reduced his expenditures and has done what he can in the way of increased taxation. He must stimulate and encourage trade in this country and the sale of the goods we have to sell. I would point out to him that the revenue policy of the Liberal party has had as its keystone receipts from customs revenues as a revenue tariff. Let me give him the proportion of revenue which has been received from customs levies since 1926. These are the figures:

Year—	Percentage
1926	42
1927	43·7
1928	45
1929	49
1930	49
1931	46·7
1932	39·8
1933	28

What is the reason for this decline? It is due to the fact that my hon. friend put on higher tariffs. An average duty of twenty-four per cent has increased to twenty-nine per cent; and twenty-nine per cent when figured on the pound at current rates of exchange instead of on $4.86\frac{2}{3}$ has become practically thirty-five per cent of a duty on dutiable goods coming into the country. This amounts in large degree to an embargo, so that my hon. friend is cut off from the revenue he expected.

What has happened? The Prime Minister two years ago guessed as to the amount of revenue he would receive from customs tariffs, and he guessed $22,000,000 wrong; he got $22,000,000 less than he expected. The Minister of Finance last year guessed $100,000,000 and he got $80,000,000. He was $20,000,000 out. Hon. gentlemen opposite do not realize that high customs tariffs simply mean the cutting off of revenue.

I should like next to place on record the trade figures since 1928. They are:

	Imports	Exports	Total
1928	$1,108,000,000	$1,250,000,000	$2,359,000,000
1929	1,265,000,000	1,388,000,000	2,654,000,000
1930	1,248,000,000	1,144,000,000	2,393,000,000
1931	906,000,000	817,000,000	1,723,000,000
1932	578,000,000	587,000,000	1,166,000,000
1933	442,000,000	494,000,000	937,000,000

But my hon. friend says that there is a favourable balance of trade. There was a small favourable balance of trade it is true but it was due—not to our selling more but—to our having to buy less. Imports totalled $442,000,000, only $42 per capita, the lowest since 1905. Our population is being starved for goods, which are necessary and desirable, in order that we may worship this god, the balance of trade. $442,000,000 in imports as against $494,000,000 in exports! Our total trade is down nearly fifty per cent from 1931 and over sixty per cent from 1928. That is the trade record. What caused it? Duties were imposed in the special session and more in 1931. In his budget speech the Minister of Finance rather gave the impression that we had put on our tariffs after England had gone off the gold standard. Our tariffs were put on in May, 1931 while Britain did not go off gold, until September 1931. Canada was one of those who started the parade, not one of those who came in after England had gone off the gold standard. Down went imports and down went customs revenues, with the result that our customs revenue in 1931 was only $145,000,000 and for the eleven months of 1933, only $69,000,000. That shows the vicious circle and why my hon. friend is unable to get his revenue. In the first place, we shut out the goods; in the second place we cut off revenue, and in the third place, we shut in our own goods and then tax the man who can not sell his goods in order to make up what has been lost in customs duties. I think the Prime Minister gave the neatest possible example of that when he was discussing the imperial conference arrangements. This is something about which we happen to know down east. He is quoted on page 121 of Hansard as follows:

> Under normal conditions Canada exports annually about 1,800 million board feet of lumber valued at $50,000,000, of which 1,445 million feet, valued at $39,000,000 has been going to the United States and 186 million feet valued at $6,474,000 to the United Kingdom. The recent United States import tax of $3 per 1,000 board feet has practically closed that market to Canada. New markets are essential. This applies to lower and common grades which comprise from 60 per cent to 70 per cent of the lumber sawn.

What caused the United States to put on that $3 per thousand board feet tax? The Bennett tariff of 1931. There was a retaliatory measure of $3 per thousand feet and then another $1 per thousand feet was added. My hon. friend had to bring a conference over from Great Britain in order to see if we could not sell them the 1,445 million feet which we lost in the United States because of the tariffs put on by my hon. friends in 1931. That is how high tariffs work out, that is the result

of the red-blooded policy of my hon. friend the Minister of Railways (Mr. Manion).

If my right hon. friend has learned anything, I think he has learned from the difficulties which have presented themselves in connection with markets. We are trying to find revenue and at the same time endeavouring to find markets. Here is what my right hon. friend predicted when he spoke in Vancouver:

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

I am sure that when the Minister of Finance counts up the amount of duties received from the customs tariffs he will wish that the Prime Minister had used some other kind of dynamite than that which he has used for the purpose of forcing Canadian goods into these markets. He is now seeking frantically to make up the revenues which he has lost from customs duties by imposing a duty on sugar and by depriving pensioners of their pension. He is trying to make up what legitimate trade would produce. After all, the remedies are simple—cut your expenditures and increase your trade. This matter of a trade policy which will increase foreign trade, while I know it is not as new as some of the policies being advocated these days, is I think vital. Speaking in Winnipeg, in 1930 the Prime Minister told us where he got his trade policy. He said:

> The United States learned a long time ago that to become a great nation it must first look to itself. It therefore began to build up its home market by keeping out of it the goods of other nations. There was a time if when foreign countries had had their way, they could have smashed its youthful industries, dried up its revenue, wrecked its transportation systems and left it a country of idle workmen, of starving agriculturists, of futile manufacturers. Look at it now, marching to the slogan of America first.

If my right hon. friend will read the evidence of Mr. Frank H. Simon given before the United States Senate committee only a few weeks ago, he will find that that slogan of America first is regarded as a rather dangerous one. I suppose my right hon. friend got the idea of Canada first from the idea of America marching to the slogan of America first. I think it will be found that the buy British policy has also been found to be one of doubtful utility. People are beginning to realize the truth of what appeared in a Canadian publication just the other day. This article reads:

> A realization that no nation can live unto itself alone and that a spirit of international economic cooperation will usher in a return to more normal business conditions is steadily gaining ground.

Signed "Arthur Meighen". That article appeared in the Financial Post of November 5.

As my hon. friends apparently are not convinced, as we shall endeavour to keep on preaching the gospel to them, I may perhaps have to traverse some old ground. I want to point out that this slogan of Canada first, this raising of tariffs, has not attained that end to which my right hon. friend referred in Winnipeg as being the great objective of the American people and that which he desired to attain by his tariff policy. Let us see if it has developed production in our industries to supply the home market which my right hon. friend set such store by. I give just a very few figures:

Volume of Industrial Production

Year—	Index figure
1928	120.4
1930	....

When my right hon. friend was making his promises.

——	106
September, 1932	71.9

Let us take manufacturing production, and these are industries which are being protected by the policy of my hon. friends. Surely they ought to be benefited:

Year—	Index figure
1928	117.4
1930	100.5
September, 1932	74.3

My hon. friend the Minister of Trade and Commerce had a lot to say about pig iron in, I think, 1927 or 1928. The figures are as follows:

Pig Iron

Year—	Index figure
1928	151.9
1930	104.1
September, 1932	9.9

Steel Ingots and Castings

1928	137.4
1930	113.4
October, 1932	27.1

These are some of the figures. What has happened with regard to prices? The prices of manufactured goods have been maintained beyond all proportion to those of farm products. The figures are as follows:

Farm Products

Year—	Index figure
January, 1930	79.8
January, 1933	43.6

A reduction of 36·2 per cent.

Manufactured Products

January, 1930	85.8
January, 1933	67.5

A reduction of only 18·3 per cent.

What about employment? The figures are as follows:

Employment in all Industries

Year—	Index figure
July, 1930	118.9
July, 1931	103.8
July, 1932	87.7

And taking the comparable months:

February, 1930	111.6
February, 1931	100.7
February, 1932	89.7
February, 1933	76.8

In manufacturing where this tariff should have taken hold, where the home market should have afforded employment for all our men, where those Canadian workmen about whom my hon. friends talk so much should have found work, what was the situation?

Employment in Manufacturing

Year—	Index figure
July, 1930	111.3
July, 1931	97.2
July, 1932	85.4

And for the comparable months:

February, 1930	110.2
February, 1931	96.1
February, 1932	85.9
February, 1933	75.0

Do we need any figures to-day to prove that there is unemployment in Canada; that unemployment has not been ended? The figure of 800,000 unemployed has been mentioned, and it has been stated that $123,000,000 has been spent on relief. The Prime Minister, when he came to the house in 1930, said that as regards curing unemployment, if the measures which he submitted were productive of the good which he indicated they hoped for, the number, which was 117,000, would steadily decrease and the maximum anticipated number of 177,000 would not be reached. Is there any doubt that the policy of high tariffs and economic isolation has failed?

This brings me to what I submit is the most serious defect in the whole budget. That is, that while it does not reduce expenditures, and while it imposes more taxation, it provides for nothing whatever in connection with the fundamental improvement of conditions in this country. Let me read a passage from the first part of the budget speech of the Minister of Finance. I feel that I ought to take the time of the house to put it on Hansard, because it is indicative of the attitude of my hon. friends opposite. He said:

> There are those who decry the possibility of an international solution and who insist that we should seek remedies at home for present conditions. I do not wish to minimize the difficulties and delays which are involved in any program based on international agreement, or to overlook the plain duty which rests upon every nation to keep its own house in order and to strive to the utmost by domestic action to accelerate the processes of business recovery. However, one cannot fail to observe that the present crisis is international, both in its causes and its effects, and that the remedy must be sought in international understanding and cooperation. Slowly, but nevertheless surely, the world is approaching full realization of the fact that the day of national self-sufficiency is past, that an international disease can only be cured by an international remedy.
>
> Therefore, I look forward hopefully to the World Economic and Monetary conference which is expected to meet in London in the near future, and to which we propose to give our whole-hearted support. Members of this house have already had an opportunity of studying the agenda of that conference prepared by an able committee of experts. I am hopeful that on the basis of this agenda—

Note this:

> —a program can be worked out for the relaxation of exchange controls and other excessive restrictions on international trade, for the stabilization of currencies and for the stimulation of a rise in the world level of wholesale prices. The success of this conference assumes a prior or simultaneous settlement of the war debt question and some appeasement of political fears and rivalries as a result of progress in disarmament discussions or otherwise. If these prerequisite conditions can be achieved, it should be possible to reach agreement upon a program which would be effective in restoring world confidence and initiating an early recovery of business activity. The world has this solution within its grasp and in my opinion there is no other—short of prolonged and painful liquidation, if this indeed can be called a solution. Events are moving rapidly, driven by the urge of economic necessity. On this fact may rest the basis for a greater degree of optimism than has obtained in many months.

No self-reliance! No leadership! No courage! No suggestion of anything that we in this country may do, but we are leaning altogether on the world economic conference if, as or when there is one, and we are not even yet sure that there is to be one! If we can get a relaxation of exchange controls; if excessive restrictions on trade can be removed; if there can be a stabilization of currencies; if the world level of prices rises; then if prior to or simultaneous with this, there is a world debt settlement and if there is an appeasement of political fears and rivalries, we are on the road to economic recovery; otherwise liquidation.

I am reminded of the classic phrase of the Prime Minister because it has become a classic now: "Mr. King promises you conferences; I promise you work. Which plan do you like best?"

This is what Mr. Beaudry Leman, general manager of La Banque Nationale, has to say

of the world economic conference, rather indicating that it is doubtful whether we are going to have definite action from that body. He said:

It would be difficult to conceive how any government would surrender to a body of representatives chosen from seventy nations the power to control its economic policies. One may hope, however, that the delegates to the conference may agree on some broad policy which would promote the economic recovery. The nations of the world depend upon one another to such an extent that agreements that are international in scope are necessary, but—

And I impress this on the Minister of Finance—

—this necessity in no way absolves each country from establishing sound policies within its own boundaries.

That is where, it seems to me, the Minister of Finance completely falls down, if I may use the expression, in connection with this budget.

Reciprocity with the United States has been mentioned, and I refer to it now. The Prime Minister, in the debate on the resolution which was moved by the hon. member for Antigonish-Guysborough (Mr. Duff), had something to say about the matter. I think the house and the country have reason to congratulate the hon. member for Antigonish-Guysborough on having brought this resolution before the House of Commons. I want to point out that in connection with that as with other matters, this government is simply supine, listless, lethargic, and proposes to await the turn of events. Let me point out how my right hon. friend received this proposal. One would have thought it would provide some means for an extension of our trade. I have already mentioned with regard to the fishing industry the millions of dollars' worth of exports that we send to the United States, and that is our natural market for these products. In 1911 my right hon. friend the Prime Minister said:

One of the strongest reasons I had for opposing the reciprocity agreement was—

Not that it was an indefinite agreement, not that it could be changed at any time, but—

—that it threw into the melting pot for solution a question that involved a problem of patriotism.

That is what he said in 1911, at page 23 of Hansard. In this house the other night he said:

On more than one occasion I have in this house indicated clearly the reasons I for one was opposed to that measure. First, it was an agreement incorporated into the statutes of both countries for that year, and it mentioned a limited number of items. But it was so framed that the change by this dominion of its tariff with respect to any one of those items terminated the agreement; secondly, the agreement was for no period of time, or for no definite length of years.

A different reason from that which he gave in 1911, when reciprocity involved a question of patriotism. But he said the other night that he earnestly desired some arrangement with the United States. What does he and the Minister of Finance propose to do about it? This a time when action is required. This is what my right hon. friend said the other night.

In my judgment all we can do is follow the course that has been followed by successive governments and indicate clearly our willingness to negotiate on terms that are fair and reasonable, to quote the words that have been used by both Liberal and Conservative prime ministers and ministers of finance. We can only be ready and willing to avail ourselves of any proposals that are fair and reasonable and are not of such a character as will involve injury to this country if they are speedily terminated.

An hon. MEMBER: No blasting.

Mr. RALSTON: There is no blasting in that. My right hon. friend is very docile in a matter of that kind. He is not going to disturb the people on the other side at all. There is nothing even red-blooded about that. Of course the situation, as my right hon. friend knows, is that he has pretty well tied his hands so far as making a reciprocity agreement with the United States is concerned by the agreements he made at the imperial conference, and he has to soft-pedal now in connection with negotiations with the United States. I hope that my right hon. friend will pursue the negotiations with the United States which it is rumoured are taking place, and that we may see a reciprocity agreement or a reciprocity arrangement of some kind consummated with the United States in view of the accession of the new administration over there. One particularly from Nova Scotia cannot mention reciprocity in this house or any other place in Canada, without associating with it the name of the Right Hon. W. S. Fielding, because I believe that that arrangement was the greatest of the many achievements in the public life of that very distinguished statesman.

I ask you, Mr. Speaker, and I ask this house, is there any doubt in these days of the necessity of getting rid of the strangling trade restrictions and of endeavouring to widen our markets? I have made it my text so far as the increase of revenue is concerned, but I make it my text on account of the prosperity of our people as well. I quote here the state-

ment made by Sir Herbert Holt, president of the Royal Bank of Canada, in his address at the last annual meeting:

Civilization itself has been built upon the exchange of goods between nations. In the course of time, such exchange produced a steadily rising tide of prosperity, increased productive capacity, and increased the volume of consumption in every part of the world. With the abnormal conditions which followed the beginning of the present depression, each country in turn has made enormous efforts to increase its exports, to decrease its imports, and to make itself less dependent on the outside world. Almost without realizing the nature of their acts, they have, each in turn, taken measures which have undermined their own prosperity. They have sought payment in gold, rather than payment in goods. . . . In a vague and almost aimless manner the world has permitted itself to drift into a state of economic warfare, more destructive than was the great war of 1914. Each country is engaged in a campaign of attrition. If the futility of this were recognized an armistice could be declared, but before there can be sufficient goodwill to establish satisfactory terms of peace, the necessity for mutual concessions must be recognized by all combatants.

Further he says:

There should be a demand from every city and town throughout the world for the re-establishment of world trade. . . . Holland, Denmark, Belgium, and Luxemburg have reduced their tariffs in order to facilitate greater freedom in the exchange of goods and have left the door open to other countries to join them.

Apropos of the imperial conference agreements he says:

We must hope that more doors will be open to trade both inside and outside the empire.

Sir John Aird, a banker of note in this country, the president of the Canadian Bank of Commerce, speaks of the "recognition in several quarters that extreme protectionism has proved a boomerang." This from a leading banker. He speaks of "nationalistic mania," a phrase which I commend to my right hon. friend the Prime Minister, and of "trade restrictions which must have taxed heavily the ingenuity of tariff makers." I believe that Sir John Aird must have had in mind the exchange dumping duty which for some time past has been used so effectively by this government to restrict trade.

I shall not take time to quote from a late monthly report of the Bank of Nova Scotia, which in pretty much the same terms indicates that the strangulation of trade is at the bottom of all our troubles.

Let me say one thing more with regard to the exchange dumping duty. I am glad indeed that the Minister of Finance has seen fit to alter the rate of exchange and at least to make the fixed rate at $4.25 instead of $4.40. That indicates two things, that he is recognizing, I think, the representations which have been made in this country, and also the representations which have been made from Great Britain; but I say to him that I do not think there is anything more fundamentally wrong than that exchange dumping duty which he and the government of which he is a member pledged themselves to remove as soon as possible after the imperial conference. For a short time in 1931 it might have been justified. When England went off the gold standard it took a while for prices to stabilize themselves, but they stabilized themselves long ago. As a matter of fact, prices in Great Britain to-day are something like fourteen per cent higher than they were at that time, so there has been more than an evening up by reason of the increase in prices there, and yet my hon. friends maintain the exchange dumping duty which has enabled them to do anything at all in the way of a jumping-jack tariff over the last two years, up and down and in and out, with the rate two weeks ago $4.16, to-day $4.40, a month afterwards $4.12, two weeks later $3.90, then back to $4.10, and so on. The importer does not know where he gets off in the melee of regulations and cross-regulations and rulings and orders which go out from time to time from the Minister of National Revenue.

I have brought to the attention of the Minister of National Revenue so often that I do not want to go into it again in detail to-day, that sections 36 to 43 of the Customs Act give more power to this government than any other government in the world ever had with regard to the changing of tariffs. I got a list the other day from the Department of National Revenue, and I find that my hon. friend the Minister of National Revenue, instead of being busy making reductions in his own department and trying to find some way out of the economic dilemma in which this country finds itself, is busy making valuations for duty purposes of beets and cabbages and berets—I do not mean berries, but the things the ladies wear—and wool jersey cloth, cotton stockingette, and wood lead pencils. That is one among many of the occupations in which my hon. friend the Minister of National Revenue is engaged. The exchange dumping duty, plus these sections of the act, have given an opportunity to this government to make more changes in tariffs and harass the people of this country more I think than anything since the Spanish inquisition.

Let me read for the edification of my hon. friend the Minister of Trade and Commerce (Mr. Stevens) what he said in 1924, and let me commend it to him especially the next

time he goes to council and discusses the powers which the government has for fixing valuations for duty purposes. He said:

> Furthermore, the tariff should be stable in its character, not subject to constant change and variation. Nothing is so harassing to a business or a financial man as to be constantly faced with the apprehension that overnight the tariff may be changed and large quantities of goods on hand or on order, seriously affected by such tariff changes. Nowadays a firm dare not issue a catalogue, for it does not know from hour to hour what tariff changes may be made. Tariff stability, voiced so eloquently by the Minister of Finance (Mr. Fielding)—whom we miss so much from this debate—is what we require to-day.

If ever there was a government that had tariff instability, and if ever there was a government about which tariff instability is more firmly written on the records of the Department of National Revenue, the records of the importers of this country and the records of the consumers, I should like to know it. There has been absolute instability. There has been no chance in the world for people to know from day to day or even from hour to hour what the duty was going to be upon the goods with which they were dealing.

Mr. Speaker, I have taken longer than I expected to take, I have dealt with figures, a good many of them; I have dealt in some detail with a great number of the factors which affect our situation, and I want now to go back to plain, everyday fundamentals. Conditions of business in Canada, Incorporated, as I called it a few moments ago, are disturbing. By the end of the next fiscal year we will have added, since 1930, considerably over one half a billion dollars to the "mortgage on the farm". We are not living within our income and, in fact are not trying to. We are deliberately planning to have at the end of the coming fiscal year a deficit of nearly $100,000,000. We are pretending to reduce expenditures, but the way we are going about it is like chipping at the side of a mountain with a hand pick. The worst of all is that at the root of it our trade in basic commodities has dwindled to pitiful proportions, and yet we have the goods the world needs and must have. The government in one breath admits we ought to do something to help ourselves, but in the next it falls back supinely on the prospect of a world economic conference and, in the meantime, I submit with all due deference it is in a state of blue funk. The Prime Minister in a speech recently, referring to representations which had been made regarding a change of policy, asked "dare we do it?"

[Mr. Ralston.]

The other night in this house he made the declaration that the Canadian National Railways could be considered as being in receivership. Now we have the Minister of Finance suggesting that unless the world economic conference does something there will be nothing but liquidation. These are new words in respect of Canadian affairs, but their novelty does not make them any more welcome. The budget all the way through reflects this static, hopeless state of mind. It says "lop off a little expenditure, tax a great deal and wait until prosperity reaches us" instead of taking resolute measures to reach prosperity. I wish to protest against this static, fear-stricken attitude, but I bring the government this hope, not for itself—after the administration of the last two years it could hardly expect that—but I do bring to this government from the people of Canada hope for the Dominion of Canada.

When the Prime Minister and the Minister of Finance talk about receivership and liquidation I remind him that the people of Great Britain dared to risk the financial leadership of the world by going off the gold standard. I remind him that the people of the United States only a few weeks ago, despite the inconvenience and humiliation in connection therewith, turned the key in the door of every bank from Massachusetts to California and from the forty-ninth parallel to the gulf of Mexico; because they believed it was necessary so to do, they did it. These people dared to do these things because of the greater good which they hoped would come. I say to the Prime Minister—

Mr. BENNETT: Do you suggest we should do that?

Mr. RALSTON: The people of Canada are impatient and irritated and determined, and they will dare do what this government dare not do. If the government will not lead the people, the people will lead the government. I tell the government that the people of Canada are willing to endure any fair measure, whatever it may be, which would be necessary to put our national house in order, and set the wheels of industry moving in the factory, the forest, the farm, the mine, and on the sea. But they are not willing to keep on as they have for the last two and a half years, holding the trenches with the fire of the enemy becoming more gruelling and devastating as the months go by and allowing the government to confine activities to putting barbed wire in the shape of trade restrictions in front of their own advance.

Canada must attack—not simply stay in the trenches—it has to attack, not markets but depression. If the government does not initiate the attack soon, they need not be surprised if there is a change in command. The people of Canada will stand casualties but it is not like the people of Canada to stand inaction, and there is plenty of that to-day. What the country wants is the same courage on the part of the government as the government asks of the people. This country calls to the government to come out of the dugout of fear and inaction and resignation and give the leadership which the people deserve. The government is asking the people to make further sacrifices and to carry additional burdens. The people expect the government to make sacrifices, and what our government needs to sacrifice at this time is a good deal of its pride and a good deal of that self-assurance which has made it so intolerant of any other policies than those propounded by itself. I refer to its attitude which up to now at least refuses even to examine seriously the currency question, the exchange question and the monetary policy, and which has treated the banking system of this country, good as it is, as something sacrosanct and practically incapable of improvement. They have gone around slamming doors in the faces of good customers and have then found that the so-called home market was not a place where we could dispose of our wheat and other grains, lumber, fish, furs and copper which are on the shelves of Canada's shop waiting to be disposed of. But in order to give some appearance of trade they are undertaking to handle the wheat crop and are now gambling to try to cover the losses.

These are policies which have to be changed, and changed quickly. Times change. New conditions arise which have to be met with new remedies. Some of these involve questions which have not seriously been discussed in Canada before, but the trade policy I have suggested is the policy which has given to Canada the happiest and most prosperous days she has ever known. It is because this budget lacks any practical attempt to grapple effectively with the problems that are at the root of our difficulties, and because it commits this country to another year of temporizing futility, that I beg to move the following amendment, seconded by the hon. member for Vancouver Centre (Mr. Mackenzie):

That all the words after "that" be struck out, and the following substituted therefor:

"The proposals of the government as set forth in the budget presented to this house by the Minister of Finance make no provision for the fundamental changes in existing policies regarding trade, credit and employment which are required to cope with the present economic situation. They imply a continuance of fiscal and other policies which have not only signally failed to afford any solution of our national problems, but have been proven to have the effect of diminishing trade, of decreasing revenues, of increasing unemployment, and without any corresponding reduction in expenditures, of increasing taxation, and debt, thereby aggravating the existing depression and distress.

The increases in taxation proposed in the budget resolutions will fall most heavily upon those least able to bear the burden thereof, and, combined with other unjust exactions, will serve to intensify the distress already experienced in many homes throughout the dominion.

The absence, at this time, of any provision in the budget indicative of Canada's desire to negotiate trade agreements with countries willing to trade with Canada on a reciprocal basis is further evidence of the lack of a definite constructive policy in meeting the needs of the present situation.

For these and other reasons, this house is of the opinion that the present government no longer possesses the confidence of the country."

53719—214½

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

RAILWAY ACT AMENDMENT

Mr. THOMAS REID (New Westminster) moved the second reading of Bill No. 50, to amend the Railway Act (rate structure).

Some hon. MEMBERS: Explain.

Mr. REID: This bill contains two sections, an amendment to section 320 and a new subsection. I may say that this is practically the same bill I introduced last year, though that bill had three sections, the third dealing with domestic freight rates to British Columbia. This year I introduced two bills in an endeavour to clarify the two appeals I am making; I wished also to remove any objections that might be raised, some of which were raised last year by different hon. members including, I think the Minister of Railways (Mr. Manion):

In passing, Mr. Speaker, let me say that I regret that the Minister of Railways saw fit to go out of his way to read me a lecture on my duties and activities as a member of parliament when I introduced the bill on freight rates a few weeks ago. I consider that I am responsible only to the people of the constituency of New Westminster with regard to my activities in this house, and even though I am a new member I do not take it very kindly to be lectured by the minister in that regard.

I do not intend to say more on that subject, Mr. Speaker, because it does not help any when one is endeavouring to present a bill containing an appeal on behalf of the people of British Columbia. To come to the bill itself, the Minister of Railways and many other members have said that the Board of Railway Commissioners and not the House of Commons is the place for freight rate adjustments. I think the recent document brought down by the Minister of Railways bears out that contention; I find that it rather definitely states this to be the case. I am not going to read the whole record; neither am I going to pick out any particular part to try and bolster up my argument. The minute of the privy council states:

> . . . one of the duties, if not indeed the principal task, of the Board of Railway Commissioners, is to determine upon application, what are fair and reasonable rates to be charged from time to time for the various services performed by public utilities under the jurisdiction of the board. (Order in council, P.C. 2434, dated the 6th day of October, 1920.)
>
> Further, that in appeals to the governor in council from the Board of Railway Commissioners a practice has grown up not to interfere with an order of the board unless it seems manifest that the board has proceeded upon some wrong principle or that it has been otherwise subject to error. Where the matters at issue are questions of fact depending for their solution upon a mass of conflicting expert testimony, or are otherwise such as the board is peculiarly fitted to determine, it has been customary, except as aforesaid, not to interfere with the findings of the board. (Order in council, P.C. 1170, dated the 17th day of June, 1927.)
>
> The Railway Act of 1903, under which the board was created, constituted the board a court of record with all the powers of such a court as to the hearing of witnesses and obtaining of evidence. The members of the board, in addition to their own long and varied experience, have available for the purposes of their investigations a permanent staff of expert officers and a complete system of records, which render that tribunal peculiarly qualified to deal with the intricate and highly technical subjects such as those involved in the said judgment from which the appeals were taken.

While it may be true, Mr. Speaker, that the board is constituted to deal with all matters of freight rates, I do not entirely agree that in every such matter we should be precluded from coming to parliament or the governor in council, especially in exceptional cases. I do not believe in setting up any board that is above parliament itself. It may be true that in connection with general rates it is not to be expected that parliament should deal with individual cases, but when one has a case of special appeal where an injustice has been done—such as we in British Columbia firmly believe has been done—I think it only fair and right that we should be allowed to come to parliament or to the foot of the throne with our appeal. If, however, all the rates are to be settled by the Board of Railway Commissioners parliament should carefully examine the powers of that tribunal and see if the board has all the necessary regulating powers.

In the course of the appeals made on behalf of British Columbia in regard to freight rates, those appealing have stated that as the Crowsnest pass rates were put into existence giving the districts from Calgary and Edmonton to Fort William a sectional tariff, we in British Columbia are equally entitled to the same consideration. However, the Board of Railway Commissioners has made it abundantly clear that we are not on solid ground when we base our appeals solely on the Crowsnest pass rates. They have told us plainly, during the course of various appeals to that board, that the Crowsnest pass rates have no bearing at all on British Columbia, and in fact that those rates are so set by statute that they cannot be used even as a yardstick in making other rates.

That decision and that reasoning have been given at various times by the Board of Railway Commissioners. They did make one decision, however, to which I should like to take some exception. Speaking of the export and domestic rates they said that the export grain does not compete with grain transported for domestic purposes, and in consequence no comparison between the two rates can be properly drawn. I do not entirely agree with that. While it is perfectly true that the grain itself going for export does not actually conflict with the actual grain going for domestic purposes, the fact that those in China or Japan or elsewhere can purchase that grain on the prairies and have it transshipped to that country, and then turn it into poultry or dairy products, which in turn compete with the products of the poultry or the dairy farmer in British Columbia, proves conclusively, I think, that the grain for export certainly has a relationship, so far as price and freight rates are concerned, with the grain and grain products used domestically by the poultry farmers of British Columbia; and we have in turn to compete with those countries.

With regard to the powers of the board, my bill proposes that if the board deem it advisable requests for appeal shall be granted on much broader lines, and in this connection I shall again have to quote from the report of the royal commission that investigated the maritime claims, generally known as the Duncan commission. That commission's report

was submitted to the house in 1926, and I use it as one of the competent authorities in support of my endeavour to have this bill accepted by the house. I am afraid I shall have to quote extensively from the report because that commission went fully into the matter of enlarging the powers of the Board of Railway Commissioners so as to enable that body to deal with freight rates on a much broader basis than is provided for in the present Railway Act. I quote from page 24:

In addition, the cases which the maritime provinces have already submitted to the railway commission also raise the question of handicaps arising from the geographical position of their natural products, and their distance generally from central markets. If we were satisfied that under their present power the railway commission could adequately deal, on appeal, with the broader aspect of the maritime cases before them, we would make no further comment. Previous judgments of the railway board, however, lead us to fear that they will not feel competent to deal with such broad considerations as are still involved in these maritime claims. We cite, in particular, the following extracts from the board's judgments:

"The board under the Railway Act has no profit and loss responsibility, and its intervention in the matter of rates must, as has been indicated, be concerned with matters falling within the categories of reasonableness and unjust discrimination, and not with a policy of the development of industries through rate adjustments."

"The board has no power to regulate tolls, for the purpose of equalizing cost of production, or geographical, or climatic, or economic conditions."

The conclusion to be drawn from these extracts seems to us to be that the railway commission does not feel itself empowered to pass under its review, when appeals are made to it, the same wide range of business considerations which railway companies themselves can take into account in forming a judgment as to the extent to which they should develop trade and business.

We are far from suggesting that there should be arbitrary interference on the part of the railway commission with the business judgment of the railway companies, or that there should be any confusion between trade development that can reasonably be expected from a railway rate structure, and trade development that must be a matter for public or government responsibility quite apart from rate structure.

I will skip part of it, curtailing somewhat the argument put forward in the Duncan report.

An hon. MEMBER: Read the whole of it.

Mr. REID: If the hon. gentleman insists, I can very well read the whole of it because it further strengthens my ground. To continue:

Much of the evidence we heard in the maritimes left the impression on our minds that witnesses thought the railways should be operated to the advantage of the trader irrespective of the financial results to the railway. In other words, what a railway administration might concede, in the exercise of its judgment on what was good business or might ultimately be good business for itself, seemed to us to be demanded as a matter of right by the trader so that his own business might be profitably developed whether the operations of the railway were remunerative or not. Even if there were no privately owned railway company, the business interests of which must be fairly considered and safeguarded, we cannot conceive of a national system being efficiently administered on such a principle as that. On the other hand, from a public point of view, in return for the statutory and other public privileges which railway companies enjoy, it may not be unreasonable that there should be a responsible review of their policy (as interpreted in their rate structure) in its relation to the natural basic products of the country, and the development of these products and associated enterprises.

At present the work of the railway commission is circumscribed within the two considerations, viz.:

(a) Reasonable compensation to the carrying company, and

(b) No unfair preference or unjust discrimination as between traders.

Whenever the board has dealt with a question on appeal as to what must be regarded as fair and reasonable terms, it has always considered not only the operating costs to the railways but also a fair return on the amount of capital invested, and in the case of the Canadian National it is impossible for any branch to contribute to any great extent to relieving the burden of debt of the system. The same is true of the Canadian Pacific:

Section 320 of the Railway Act seems to give the wider powers that we have in mind to the railway commission, so far as the question of undue preference or unjust discrimination may be involved:

"320. In deciding whether a lower toll, or difference in treatment, does or does not amount to an undue preference or an unjust discrimination, the board may consider whether such lower toll, or difference in treatment is necessary for the purpose of securing, in the interests of the public, the traffic in respect of which it is made, and whether such object cannot be attained without unduly reducing the higher toll."

Even there we feel that, if the intention was to have larger national interests in mind, the section should be made clearer, and instead of the words "in the interests of the public" (which might be interpreted as in the interests of the "consuming" public), the words should clearly state that it is national interests (both "producing" and "consuming") that are in mind. If this was not the original intention of the section, we suggest it is the intention which should now be imported into it.

That comprises the first section of my bill, and of the two sections perhaps the second one is the more important.

We feel further that a similar extension of authority should be imparted to the railway

board in regard to the question of reasonable compensation. It would then be competent for the railway board to make a survey of just the very character that the president of the Canadian National Railways testified as being part of his function (as the business head of a railway); and if from public policy they felt that an experimental rate should be conceded, they should be free to constitute the rate, even although it might not, at the time, or of itself, give reasonable compensation to the railway company.

We recognize, however, that amongst the business considerations which must always be taken into account in a review of this kind are:

(a) A proper balancing of the structure of railway rates so that on the whole (though not in a particular item of business) there would be not only reasonable compensation to the railway company for the carrying services it renders but such reasonable compensation over all as to permit of a certain amount of trade development.

(b) A means of ascertaining whether, in fact, the rate asked for is necessary to the producing or trading interest, bearing in mind that a reduced rate may be pressed for when trading results might show it was not required, or on the other hand, when trade could not be very much developed even if the rate asked for were conceded.

If the railway board is to be vested—as we think it should be—and we recommend that it should be—with the somewhat fuller supervisory responsibility that we have indicated, we think it should also be vested—and recommend accordingly—with power, in weighing an application that raised these considerations, to order an accounting investigation at their own hand, into the incidence of the railway charge on the costs of production of the commodity, and its relationship to other costs, and to the general trading results of the interest involved.

Another paragraph reads:

We wish to emphasize that this is a field of thought into which we have not carelessly wandered. It has been forced upon our attention by the geographical and other difficulties which the evidence we received in the maritime provinces made it clear parts of the country at long distance from central markets were bound to suffer from; and we had the advantage of hearing from the chief commissioner, who met us at our request, as to the powers of the railway commission at the present time.

That report covers fairly well the two sections of this bill. It will be seen that the powers asked for are not mandatory; the bill simply asks that the board give further consideration to general appeals and the efforts to build up trade through the sale of grain from the prairies to the poultrymen, the dairymen and the stockbreeders of British Columbia. These producers in British Columbia of eggs, butter and so on, can use the cheap grains for which the farmer on the prairies must find a market.

This bill is not sectional in character. While it is proposed to assist British Columbia, it would also assist other sections of the country, the maritimes included, in going before the Board of Railway Commissioners to appeal on general grounds. It has been amply proven that the board has not the power to allow appeals based upon broad lines. What I am asking for has been recommended by the Duncan commission, so this bill is not entirely my own idea. Unless the board are given these further powers, in my opinion it will be of little use for the province of British Columbia to spend any more money in appealing to the board for a reduction in freight rates.

Further, no one can tell what may happen when the railway bill now before the house goes into effect. If certain main lines are abandoned and all the traffic going into Vancouver is sent over the Canadian Pacific lines, the question of freight rates would be made that much more difficult. I am in hopes that the powers proposed to be given to the tribunal by the railway bill will in no way take away from the powers of the Board of Railway Commissioners in so far as freight rates are concerned. Surely parliament is not going to block every avenue of appeal. Hon. members of this house have appealed at various times for a reduction in freight rates and they have always been told that parliament is not the place to come to ask for a reduction in freight rates, that they should go before the Board of Railway Commissioners. If that is so, then the board should be allowed to go a little further in the matter of decisions. I am asking that further power be granted under the Railway Act so that this can be done. I think it advisable that this board should have sufficient power to be able to order that a certain lower rate on grain and grain products shall apply between the prairies and British Columbia. Such a rate would benefit not only the stock raiser, the poultryman and the dairy farmer, but the railway companies, as well, because it would include also the transporting of incubators, eggs, wire and many other commodities. I ask the house to give its favourable consideration to this bill which if adopted will grant further powers to the Board of Railway Commissioners.

Mr. H. J. BARBER (Fraser Valley): Mr. Speaker, it was not my intention to address the house in connection with this particular measure, but perhaps I may be permitted to say a few words. This matter was before the house last year and also I believe at the beginning of this session. It is very interesting to note that the hon. gentleman who has introduced this bill (Mr. Reid) has changed his attitude somewhat. In the first bill which

he introduced he took the attitude that freight rates should be set up by statute or, in other words, made by the members of parliament. Now in this bill he asks that certain powers be taken away from parliament and given to the Board of Railway Commissioners. In other words, he wishes to make the commission a political or governing board rather than a judicial board.

It is not necessary for me to go into the history of this board. As the house will recall, in 1903, Sir Wilfrid Laurier in his wisdom saw that it was necessary to set up some organization to take care of the very intricate and complicated matter of freight rates. Therefore by statute he set up what is known as the Board of Railway Commissioners, with powers similar to that of our exchequer or supreme court. This board is so constituted that any citizen of Canada can appear before it and receive a hearing.

The hon. member says that the passage of this bill would facilitate matters. I think it would tend to complicate matters a great deal if this board were made a governing instead of a judicial board. This country is three thousand miles wide and other sections of the country might consider that they had interests just as important as those of British Columbia. What we in British Columbia want is a board similar to our courts before which we can appear, present our case and receive justice. That is all that we expect and all that we are entitled to. I assure the hon. member that all of us from British Columbia are anxious that something should be done to lower the rates on feed grain. This is a matter that we have all advocated, and further, we have tried to keep it out of the political arena. We have always realized that we had a case and felt that we were not being dealt with justly. Unfortunately, the hon. gentleman has drawn this matter into the political arena. Some of the smaller Liberal papers in our province have pictured my hon. friend as the real Kingfish as far as advocating lower freight rates is concerned. I have come to the conclusion that he is more interested in the votes of the farmers than in securing a lower rate.

As regards freight rates, as I said before, anyone can go to the Board of Railway Commissioners and discuss this matter; he can place his grievance before them and he will receive consideration. I discussed the matter with the chairman of the railway board some six months ago and I know that if proper representation were made by our province, justice would be received at his hands. The obstacle in the way at the time was that an appeal was pending and therefore they could not hear the case until the appeal was disposed of. Now that the appeal has been dismissed, the way is open and I think my hon. friend would accomplish a great deal more for the people of our province and particularly of the Fraser valley if he would initiate something in the way of an appeal and present it, not as the appeal was presented before, but along the lines of our claim for cheaper feed grain.

Some people have said that this is not a matter for parliament to deal with. When I was speaking on this subject last year I referred to that and to the fact that I was astonished at some hon. gentlemen, for instance, the present leader of the opposition (Mr. Mackenzie King) and the ex-Minister of National Revenue (Mr. Euler) supporting the hon. gentleman's bill. At that time I referred back to the session of 1925, where I find at page 4439 of Hansard the words of the then Prime Minister, now leader of the opposition. This is what he said:

> I have been looking over some of the speeches which I made in western Canada last fall, and which were quoted, in part I think, by the hon. leader of the Progressive party (Mr. Forke) in his remarks the other evening. I notice in speaking on the prairies I intimated very clearly that my view was that the railway commission was the right body to fix freight rates and should be given a free hand in the matter, but that I felt it should expect to receive directions from the government on matters of national policy. When speaking in Vancouver and Victoria I made similar statements.

Then I find that the hon. member for North Waterloo (Mr. Euler) spoke during the same debate as reported at page 4420 of Hansard of that year. He said:

> The railway board is charged with the duty of making rates fair and equitable to all. We have set up the board to do that work. Why then not let the board perform that duty? They are infinitely better qualified to make these rates than are members of parliament. If parliament has no confidence in the railway board—and that sentiment has been expressed by some hon. members—then the remedy is not to throw the business of rate-making into this house; the remedy is so to constitute your board that you will have confidence in it.

That was the opinion of the then government. We had the spectacle last year and again this year when the bill came to a vote, of hon. members opposite, in order to try to help out politically their good colleague from New Westminster, forgetting all about the principle in which they believed in 1925 and supporting him on the division.

I just wish to repeat what I have said, that we could do a great deal more to secure these reductions in feed grain rates by going directly

to this court which has been set up rather than by introducing impossible legislation, legislation that my hon. friend knows could never be accepted by any parliament. The other parties have so expressed themselves.

Mr. NEILL: Oh, no.

Mr. BARBER: The Liberal party did so when they were in power. Of course, if the hon. member for Comox-Alberni (Mr. Neill) were leader of a government he might adopt this bill, but the Liberal party have on more than one occasion expressed themselves as against it. Sir Wilfrid Laurier, the present leader of the opposition and the present Minister of Railways (Mr. Manion) have so expressed themselves. I wish to compliment the Minister of Railways for securing for us the reduction in feed grain rates which came into force, I believe, on March 10. This credit goes entirely to the present minister. I have been informed that the hon. member for New Westminster has stated that it was through his efforts in the house that the government was forced to do something; that he was not satisfied and that he was going to persist in his attempt to force them to do something better. All that I can say is that to my personal knowledge the Minister of Railways has been so much interested in this particular question that some two years ago he called in the president of the Canadian Pacific and the president of the Canadian National and asked them if they could not do something in the way of an agreement between the two lines to give a reduction on feed grain rates to British Columbia. I have on my file a joint letter from these two gentlemen giving their reasons at the time why this could not be done. The minister persisted in the matter, and at the time of the provincial conference, when we found the representatives of the four western provinces could not agree to go ahead with the appeal, he called in the traffic managers of the two railways and they agreed to a reduction in feed grain rates. I would like to have seen this extended to bran, shorts and middlings, but the arrangement was agreeable to and accepted by the representatives of the four western provinces, so that if anything is lacking the blame cannot be laid on the present Minister of Railways. As one deeply interested in securing better rates for the dairymen and poultrymen of British Columbia, I feel that I would not be voting in their interests if I supported this bill.

[Mr. Barber.]

Hon. R. J. MANION (Minister of Railways and Canals): Mr. Speaker, I know a number of other hon. members wish to speak on this bill and I do not intend to take more than about five minutes merely to put myself on record as opposed to the bill, as it is possible I shall not be able to be in the house next Tuesday should the discussion proceed until nine o'clock, which it may do in view of the fact that a number of members desire to speak.

The bill as drawn by the hon. member is, as has been expressed by the last speaker (Mr. Barber), to my mind an impossible measure. In the first place the clause as he draws it, subsection 2 of section 320, is not clear. I do not know what the clause means and I have read it many times, but even taking the parts that one does understand, one cannot agree with them in view of the known duties of the Board of Railway Commissioners. The hon. gentleman inserts in the clause a provision that the Board of Railway Commissioners—

—may establish a rate structure in the interests of trade development.

It is not any part of the duty of the railway board, as has already been stated by the hon. member for Fraser Valley (Mr. Barber), to interfere in the trade development policies of any government. I do not think the late government would have agreed to any such policy any more than would the present government, because the railway board would then be deciding the policy of any government in power at the time. That is not part of the duties of the railway board. I do not think it would be desirable to put into effect any such legislation. The Board of Railway Commissioners might under these circumstances decide on a trade policy which would be contrary to that of the government in power or of the best interests of the people of Canada. That to my mind is not any part of the duties of the board.

The hon. gentleman speaks of putting into effect "experimental rates." That is not part of their duty. Their duty is to make the best rates to which they can agree in a judicial capacity, considering all parties; but I do not think as a general rule, at any rate, it is their duty to put into effect experimental rates. Then he says in the bill:

Though such experimental rates may not at the time or of themselves give reasonable compensation to the railway companies.

As Minister of Railways and knowing perhaps even better, if that is possible, than some other members, the financial difficulties confronting both railway companies at the present

time, I do not think it would be any part of the duty of the Board of Railway Commissioners to ignore the financial needs of the railway companies in fixing rates. It seems to me that trade, for example, is a matter for the government and the Department of Trade and Commerce, which is established distinctly for the purpose of fostering trade between Canada and other countries, and between different portions of Canada. The setting of experimental rates, I repeat, is not, generally speaking, a duty of the Board of Railway Commissioners.

The points I have made are sufficient to show my attitude and that of the government in regard to this legislation, which I think is not well thought out. I am not questioning the hon gentleman's right to introduce it, nor am I questioning his sincerity, but I do not think the legislation as introduced would be of any use to the people of western Canada, and it might be of very great harm to this dominion. It might be contrary to the policy of the government then in power, and it would be introducing principles which were not meant to be included in the Railway Act as it applies to the Board of Railway Commissioners.

Finally, as was pointed out a moment ago, there have recently been obtained for the four provinces, certainly for three of them, Saskatchewan, Alberta and British Columbia, special rates on feed grains, a decrease in rates which was acceptable to the three western provinces most affected, and also to Manitoba, which is not so much affected. It seems to me to be sufficient for this year to have established those rates.

Further, in view of the legislation now before the house to implement the recommendations of the Duff report, I do not think it is wise at this time to introduce other legislation which may be contradictory to or to some extent interfere with the legislation which the government and parliament think it wise to bring in at this time. I merely wish to put myself and the government on record as opposed to the legislation as introduced in the bill sponsored by the hon. gentleman.

Mr. G. B. NICHOLSON (East Algoma): One thing we can compliment the hon. member for New Westminster (Mr. Reid) upon, and that is his persistence and courage. He has introduced a number of bills with regard to the railway rate structure in this country, but to my mind this is the most remarkable of them all. I do not know why he did not content himself with presenting just one brief paragraph eliminating freight rates altogether because in reality the proposed amendment to section 320 of the Railway Act means that if the Board of Railway Commissioners deem it necessary in the interests of trade they can do just that very thing. May I read subsection 2 of the new clause proposed:

> The board may consider the question of what should be reasonable compensation under the circumstances, and may establish a rate structure in the interests of trade development and public policy, though such experimental rates may not at the time or of themselves give reasonable compensation to the railway companies.

My hon. friend quoted from the report of the Duncan commission, if I understood him correctly, that "it is the duty of the railway commission to fix rates to provide a reasonable return on the capital invested," and he followed that up by saying that it was not possible to fix such rates on the Canadian National Railways or on the Canadian Pacific Railway. My hon. friend quoted further from the report of the Duncan commission, that "it was the duty of the Board of Railway Commissioners to maintain a proper balancing of the rate structure to allow of reasonable compensation." This bill ignores altogether the factor of reasonable compensation; it even goes to the extent of ignoring any compensation whatsoever. The duties of the Board of Railway Commissioners now include a consideration of the rates the railways may levy, and my hon. friend by this bill would have the board fix rates, not from the point of view of whether the railways shall be permitted to operate or not, but in the interests of trade development; and he refers to wheat, fish, poultry, and so forth. He did not refer to lumber. I might tell him where there are many thousands of cars of lumber in British Columbia and in other provinces which, if freight rates were wiped out, could all be exported to Europe and from which a return would be received that would at least compensate for the cost of production, and that is exactly what might be done if the Board of Railway Commissioners were given authority to consider the development of trade rather than a fair and reasonable rate.

The cost of producing an article and delivering it to the point where it is going to be consumed must take into consideration every factor involved in putting the goods on the market, and a part of the production cost of lumber or wheat delivered on the Liverpool market is the cost of transporting it to Liverpool. But my hon. friend ignores that altogether. He says in the first part of the bill, with regard to experimental rates, that they need not be at the time sufficient to provide adequate compensation. But he goes further than that and says that the rates in

themselves need not be sufficient. The meaning of that, if I understand it at all, is that the Board of Railway Commissioners may in the first place establish experimental rates, and in the second place maintain them on a basis that will not provide an adequate return for the service that is rendered. Every consideration of what the railway must pay in wages, for the maintenance of lines, for the purchase of coal and other supplies, for rolling stock and all that sort of thing, must be left entirely out of the picture, and the only consideration must be the development of trade and the marketing of goods.

If that is to be the case, I would ask my hon. friend how he expects the railway companies to carry on. Who is going to pay the bill? For a couple of weeks in this house we have been discussing the problem with which this country is faced by reason of the position in which the railways now find themselves. The people of Canada to-day have to provide directly or indirectly, through advances made to the government railways and to the Canadian National Railways a sum of $100,000,000, which must be raised by taxes, because the returns from the earnings of the railways are in themselves entirely inadequate. The Canadian Pacific Railway Company, the finest transportation system in the world, is carrying its commodities at lower rates than any other transportation system in the world except its competitor the Canadian National Railways. My hon. friend may search the rate structure records the world over and he will not find anywhere commodities carried at a lower rate than they are in the Dominion of Canada. In the country to the south, in Europe, Australia, and any other country where he may go he will find higher commodity rates, higher mileage rates, higher rates in every respect than are granted on the commodities of Canadian farmers, Canadian manufacturers, Canadian lumber producers. Every producer in this country can market his commodities at lower rail costs than a producer of similar products in any other country of the world. Yet my hon. friend suggests that we should put into the hands of the Board of Railway Commissioners a power that will make it possible for them in every part of Canada, in relation to every commodity that Canada produces, and in relation to every producer who has goods to transport, to fix a rate which, as the bill itself deliberately states, may not yield a reasonable or adequate compensation. Who, let me ask again, is going to provide the money to carry on the railways?

[Mr. Nicholson.]

Mr. NEILL: The increased traffic may provide it.

Mr. NICHOLSON: If you eliminate the rates, an increase in the traffic will only increase the burden. You put commodity rates at a level below the cost of carrying them, and the more the railway carries the worse off it is. There are commodity rates of that type in force in Canada to-day. There may possibly be compensating advantages arising out of some special rates; at the moment I shall not argue that point. I have taken the position ever since I have been in this House of Commons that these matters should be discussed before the Board of Railway Commissioners. One of the best pieces of legislation ever placed upon our statute books was that constituting the board of railway commissioners, because it took out of the political arena matters which should not be discussed politically, and made a general law applicable to all parts of the country. It eliminated sectionalism and all other considerations than those related to sound business policy. The formation of the board enabled the railway companies to give to John Smith and to everybody else service on an equal basis and without discrimination.

Under the suggested change I could go to the Board of Railway Commissioners and say: "If you will give me a certain rate I will establish a new industry, and undertake to give you ten, fifteen, thirty or forty cars of goods to carry each month." I do not suggest a rate which will make it possible for them to earn any money,—no; but it will enable me to build up a business. My neighbour may do the same thing. They could give me a rate entirely different from that given to another person at another point in the country who might be carrying on a business similar to that which I propose to create. There is no question whether we are being treated on an equal basis. They give me an entirely new rate, because it is in the interest of what they conceive to be trade development.

I submit the Minister of Railways was quite right when he said that the business of trade development, and the policy the country should follow in building up trade, is not the concern of the Board of Railway Commissioners. It is the duty of that body to act judiciously and to maintain a proper balance between all persons who are trading or developing trade, who are the producers or distributors of products in Canada. This House of Commons should not say to the Board of Railway Commissioners: "It is your duty to ignore every element of sound busi-

ness policy concerning the products railways are to carry; all you have to do is to consider whether the creation of a rate, whatever it may be, may double trade in one direction or another."

The basis upon which the bill is founded is utterly vicious. It attempts to establish a principle which the parliament of Canada should not countenance. The proposed subsection 2 begins as follows:

> The board may consider the question of what should be reasonable compensation under the circumstances—

That is the first statement in the subsection. The remainder of the subsection is a complete contradiction of the opening sentence. It is as follows:

> . . . and may establish a rate structure in the interests of trade development . . .

On what basis? Whether the experimental rate for the time being, or in itself, gives a reasonable compensation to the railway companies for the services they are to perform. In the face of the difficulties which confront railways, I submit that the house should not accept the bill, and should never give favourable consideration to the principle involved.

The purpose of the Board of Railway Commissioners is to maintain an even balance between the man who has goods to transport and the companies transporting them. This bill does not help to do that. If parliament does anything, it should introduce legislation which would wipe out all the political rates which from time to time have been established, and should say to the Board of Railway Commissioners: "Your job as a judicial body is to establish a rate structure which will give fair treatment to all parts of Canada, to all people in Canada, to the railway companies themselves and the men operating the railways." I have some interest in the men operating the railways. The wages of many of them have been reduced, and others have been put out of the service because the railway companies could not earn enough to pay the wages they had formerly paid, or to maintain their staffs in full force.

The hon. member was right when he said that the provision contained in the bill was permissive, but not mandatory. However, the mere fact that parliament enacts a statute indicates its desire that the railway commission shall accept the statute as an instruction. The mere fact that the provision is permissive and not mandatory does not mean that parliament has not expressed its will. Parliament, if it passes this bill, clearly indicates its desire that the Board of Railway Commissioners shall do certain acts. If not, why would the bill be introduced at all? If not, why would parliament pass it? Why should we consider it if we did not expect the Board of Railway Commissioners to act upon it? The mere fact, therefore, that it is permissive and not mandatory does not for a single moment take away the fact that it is an instruction, and that it is an expression of the will and desire of parliament. I submit that the Canadian people, represented in parliament, do not want this legislation passed. Their railway burden is already all that they can carry. To add this additional burden would simply be saying that parliament wants the railways to struggle along as best they can, to find the means for operating their systems as best they can without any regard for the returns in respect of services they perform. If the hon. member does not desire to withdraw the bill, in the light of what has been stated I submit the house should, in the event of a vote, reject it.

Mr. W. J. LOUCKS (Rosetown): Mr. Speaker, I had not intended to take part in the debate, but owing to the fact that a year ago I supported a bill concerning domestic freight rates I felt in duty bound at this time to say a few words. In my view we should compliment the Minister of Railways (Mr. Manion) upon the pressure he brought to bear upon the two railways to get for us the help we have been given. I endorse what the previous speaker has said, namely, that we should consider this matter in the light of the fact that our railroads are running at a loss. As a producer and an exporter I am interested in rate structure. There is no doubt that the help already given will be in the interests of the consumers in British Columbia and the exporters in Saskatchewan. When I am informed that at the interprovincial conference there was an agreement between representatives from Saskatchewan and British Columbia upon a fifty per cent reduction in the domestic rate, I think we have reason to be well pleased.

Mr. SPEAKER: The hour for private and public bills having expired, the house will resume the debate on the motion that the Speaker do now leave the chair for the house to resolve itself into committee of ways and means.

THE BUDGET

CONTINUATION OF DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. E. N. Rhodes (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Ralston.

Mr. G. G. COOTE (Macleod): Mr. Speaker, since I am allowed only forty minutes in this debate I can deal with the budget only in a very general way. I hope that some of the speakers following me from this corner of the house will deal more definitely with some of its details.

It is clear from the address of the Minister of Finance (Mr. Rhodes) that the government has no definite policy for dealing in a fundamental way with the extraordinary conditions now existing in the country. It seems to be drifting along, waiting for conditions to improve; but that conditions are not improving is evidenced by the fact that the number of unemployed receiving direct relief had increased from 800,000 last fall to 1,357,000 at the present time. The government seems to be living in hope and pinning its faith on the world economic conference which is to be held some time this year. I am afraid that may prove a vain hope. I think there have been more than thirty world conferences since the war, and I think almost each could be classified as a failure. At any rate, the world economic conference cannot deal with Canada's problem. We have a problem of our own, the problem of distributing among our citizens that surplus which we are so well able to produce. The world economic conference cannot deal with that question; it is a matter for Canadians and the Canadian government. I think the policy of drift is indicated in these words spoken by the minister:

> But I do wish to warn against too gloomy an interpretation of current happenings. . . . Events are moving rapidly, driven by the urge of economic necessity.

Where is the government being driven by this urge of economic necessity? That is the tragedy—that the government must be driven by economic necessity. Then the minister said:

> On this fact may rest the basis for a greater degree of optimism than has obtained in many months.

I think it is to be regretted that two years ago the government did not adopt a different policy, instead of drifting along with this policy of deflation. If they had taken a more courageous attitude in regard to the money question and had adopted a distinctly Canadian monetary policy we might be in a very much better position at the present time. It seems fair to say that the inference to be drawn from the minister's statement is that since in effect the United States has been driven off the gold standard we may hope for a rise in commodity price levels. It is common talk on the street that the United States now will embark on a policy of inflation, and that is what we are pinning our hopes on. We have too long followed at the heels of the United States, like a little boy tied to his mother's apron strings or a youngster taken out in the park by his nurse, who ties a string to him so that he will not get away. Too long the government have been turning their eyes to the New York bankers; too long they have held them as their idols. Those idols have proved to have feet of clay. The recent revelations regarding some of those New York supermen have shocked the entire world. On the day of his inauguration President Roosevelt found all the banks of the United States were closed. In his inaugural address he said:

> . . . our distress comes from no failure of substance. We are stricken by no plague of locusts. Compared with the perils which our forefathers conquered, because they believed and were not afraid, we have still much to be thankful for.
>
> Nature still offers her bounty and human efforts have multiplied it. Plenty is at our doorstep, but a generous use of it languishes in the very sight of the supply.
>
> Primarily, this is because the rulers of the exchange of mankind's goods have failed through their own stubborness and their own incompetence, have admitted their failure and abdicated. Practices of the unscrupulous money changers stand indicted in the court of public opinion, rejected by the hearts and minds of men.

I regret to say that these are the men whose advice we seem to have been following, or at least whose money policy we have been following, and apparently we will continue that policy as long as it is continued in the United States. It seems our only hope is that the United States may now adopt a more enlightened policy. In the face of all that has happened the minister says that the inevitable result of inflation would be a flight from our dollar, a withdrawal on a large scale of the capital invested by foreigners in this country. I should like to know where the capital would fly. Like old Bill, I would say, "If you know a better 'ole, go to it." Why would capital fly from this country to the United States or any other country in the face of the revelations which have been made

recently and the admission of the president of the largest bank in the United States of practices for which I think any man should be put in gaol? This foreign capital invested in Canada has been a curse to us. It has furnished the Prime Minister (Mr. Bennett) with an excuse for keeping our dollar at such a high level and, as a consequence, our commodities at such a low level. It seems to me that the monetary policies of our government always have been framed with an eye to New York, and the result certainly has been injurious to Canadians generally. That Canadians engaged in industry are still able to carry on under these conditions is a wonderful tribute to their resourcefulness and endurance. Finance, which should be the servant of industry, has become its master, and a pretty hard master at that.

It seems to me, Mr. Speaker, that during the last two years the financial policy of this country has been a burden and a hindrance rather than a help to industry. That there has been a policy of deflation carried on is evidenced by the fact that the total amount of bank loans and currency is $700,000,000 less than it was three years ago. So in spite of the words of the Minister of Finance I say that we must have inflation. I want inflation to replace the $700,000,000, or part of it, by which we have been deflated. We need it; we must have it in order to raise price levels. To make my position clear let me say that I want only controlled inflation, controlled for the express purpose of raising and maintaining price levels at a decent level. Professor Irving Fisher said a short time ago—and I quite agree—that we want neither inflation nor deflation; we should keep the car in the middle of the road. The proper place to drive this car is in the centre of the road, not in the inflation ditch on the right hand side or the deflation ditch on the left hand side. At present he says, the car is in the deflation ditch. It must be steered out of that ditch and back to the middle of the road, but we must be careful that we do not steer it into the inflation ditch. I have been warned lately by one or two of my friends that I should set myself right with the House of Commons with regard to inflation. They say we are liable to get uncontrolled inflation soon if this government remains in office because the policy they are pursuing may result in the necessity for wild inflation. Should that happen I want to make it perfectly clear that I am not now advocating and never have advocated that policy.

Just here I should like to commend the government for their announcement that they intend to appoint a royal commission to inquire into the whole question of our banking and monetary system. It is very important that the government should get the right type of men on this commission, because if we should have a group of orthodox Canadian bankers we might just as well not have the commission and save the money. I would suggest to the government that they secure on this commission men of the type of John Maynard Keynes, Lord Macmillan or Mr. Reginald McKenna, and with these a few Canadians, some of whom could be found capable and unbiased and not in any way connected with our banks. As regards this announcement by the government, although I commend them for it, I must express my regret that they did not see fit to take this action two years ago or even a year ago. For the past two years we had resolutions on the order paper asking for an investigation into this matter. If we had had such an investigation we might now have a central bank in Canada, and if we had a central bank properly operated it would be very useful to us in financing our operations at this time. Perhaps I had better make it clear that in advocating the establishment of a central bank I want a national bank owned one hundred per cent by the state, a bank whose policy should be laid down in black and white in its charter. The principal thing that should be outlined in the policy of such a bank would be that it should maintain stable price levels when they had been raised to a point approximately on the 1926 level. Though I regret, that the government is two years late, still it is better late than never. A good deal has happened in the last two years; some provinces and a good many municipalities are on the verge of bankruptcy and thousands of citizens have also gone into bankruptcy in that time.

I was glad to hear the minister assure us that our banks were sound. Nearly every Canadian believes that the government would not allow one of our banks to fail, and consequently thinks that the banks are sound. Although I am glad to hear that statement from the minister, I must point out to him that it is not the banks that the country lives on; it lives on its industry and production. In reality, the banks are a secondary bit of machinery. They have become, I suppose one might say, almost a necessary part of the system under present conditions, but the fact is that too much thought has been given to the soundness of the banks as compared with the soundness of industry. As a matter of fact, sound industry is more important to us if we have to make the

choice. We can maintain a much sounder banking system if we see to it that industry remains in a sound condition, because the main purpose of the banks ought to be—perhaps it is not but it ought to be—to finance industry and to keep it at work.

One of the chief matters for investigation by the royal commission should be this question: How can the Canadian banking system be improved so as to serve the needs of industry? I hope that when this investigation is held and the report is brought down there will be recommended a distinctly Canadian national money policy. Money is distinctly national in character, and one of the chief causes of present world conditions is the attempt to carry on a lot of national economic units with an international currency. The two do not go together. Money, I say, is national and we want a money system suited to our own needs.

I wish to quote two or three sentences from a recent review issued by the Midland Bank of England:

> The brightest hope for revival of prosperity in Great Britain and the world lies in our complete freedom to pursue a monetary policy of our own devising, aimed at the recovery of commodity values to a level at which business in general becomes profitable again.
>
> It is desirable that the people of this country pay more and more attention to the course of sterling commodity values, and to be undisturbed in the face of exchange movements even when they involve further external depreciation of the pound. The value of the pound in terms of gold is far less important than its value in terms of goods. Happily, mankind is coming to realize, though only slowly, that exchange stability is not enough, but that to subserve economic welfare the currency must divest itself of the extreme variability in commodity value which has proved the source of most of our troubles in the years just passed.

That puts the case very clearly.

One of our great troubles comes from the fact that we have given more consideration to finance than to humanity. After all, the greatest asset of the country is its people. We must take care of our people, and if humanity is to be sacrificed to the banking industry, then the banking industry will not profit in the long run. The fact that we have been more concerned with money than with humanity is the reason for so many people in Canada being unemployed. There is a market in Canada for industry—I regret that we have not very good statistics on this point; they are meagre—there are thousands of people in Canada who need houses; thousands who need furniture; thousands who need furnaces or central heating systems in their houses; thousands of homes without any water system, without refrigerators, pianos or radios; and there are thousands of people in need of food and clothing.

Here are just a few statistics I have been able to obtain to indicate the market available in Canada. I find from a recent bulletin issued by the bureau of statistics that there are in Canada 728,000 farms—I omit the hundreds. Of these, 116,000 have radios. That means that there is a market for 612,000 radio receiving sets. There are 321,000 farms with automobiles and 407,000 without; and 233,000 farms with telephones and 494,000 without. Remember, these are 1931 figures, and in some districts one half the rural telephones have been taken out in the last year. Of all the farms in Canada only 60,000 have running water in the kitchen. There is work for plumbers to install water systems in 668,000 farm homes. The number of farm homes in Canada with running water piped in the bathroom is 36,000, or about five per cent. There is a wonderful market in Canada for all our industries. I am sorry I have not the statistics for the cities, but they are not published by the bureau. If every building in Canada that needs a coat of paint were painted this year it would give employment to 100,000 men making the paint and putting it on the buildings. I am impressed with this fact every time I make the trip from here to Montreal. I am sure there is plenty of employment in Canada for all our people for the next ten years, and in that period we would have a breathing space to make comprehensive plans for giving employment to the people and supplying them with the goods we know we can produce.

Coming to the financial position disclosed in the budget, it is clear to me that the deficit is the result of this government's policy of deflation. Perhaps I am wrong in speaking of the government's policy; perhaps I should say, lack of policy. The decreased revenues are the result of a deflation of money, which causes low commodity price levels with stagnation of trade and unemployment and declining railway traffic. There you have the cause of the budget deficit. Our whole internal economy is upset; our standard of living, our incomes, wages and salaries, and even the chance for employment are all sacrificed to maintain the fetish called sound money—mostly sound and very little money, so far as most people can see. We have been blindly following the moneychangers of New York. Professor Gustav Cassel, one of Europe's greatest economists, and for many years financial adviser to the League of Nations, in a lecture last summer, speaking of the money policy of the United States, described it as a

policy of deflation which is grinding to pieces their entire national economy. We are following exactly the same policy and it is grinding to pieces Canada's entire national economy. There is no need for it; it seems to me it is the height of folly. Words fail me when I attempt to state what I think of such a policy. The cost of the deflation to Canada was estimated by the Ottawa Citizen last year at $4,800,000,000. If it were only half that, deflation has cost Canada enough to pay off the entire national debt about which we are so much worried. Why will the budget not balance? Because taxes and interest are paid out of production. Last year the Minister of Trade and Commerce (Mr. Stevens) said that interest could only be paid out of production. According to the Canada Year Book the total production of Canada in 1922, was estimated at $4,500,000,000; by 1928, it had grown to $6,342,000,000. If we had had a proper money policy, by 1932, it should have grown to something over $7,000,000,000. I could not get the figures from the bureau for 1932, but I have heard it estimated at $4,000,000,000. If we had produced the same quantity in 1932, as we did in 1928, it would have been valued only at a little over $4,000,000,000. The real value of production should always be the same. Why should the money value of production change? It is due to the fact that our money is a dishonest measure of value. In my opinion it is a rotten measure of value: it is like a concertina, it stretches out our national debt to such an extent that we cannot pay it. The government should take the same percentage of our production each year for purposes of government. This year it is taking about forty per cent more of our production to pay the costs of government, and yet our budget is not balanced. Why? Because our money is an unstable measure of value. There have been some reductions in government expenditures but there has been no relief in debt charges. If I had time, I would show just how unfair that is.

In 1928 the net debt of Canada was $2,296,000,000 and by 1933 it had increased to $2,599,000,000. In 1928 the wholesale price index figure was 96·4 but in 1932 it had fallen to 64. In terms of wholesale commodities, and that is what we have to pay with, the net debt of $2,296,000,000 in 1928 now becomes a debt of $3,061,000,000. The debt of 1933 of $2,599,000,000 now becomes a burden of $3,466,000,000. Taking the gross debt of all public bodies in Canada, that is the dominion, the provinces and the municipalities as $6,539,000,000, this works out upon the basis of the 1928 price levels as $8,718,000. The gross debt of the provinces totalling $1,578,000,000, on the same computation becomes $2,095,000,000. The debt of the western provinces has been doubled because their revenue comes mainly from agriculture, and agricultural commodities have fallen on the average about sixty per cent. I am sorry that I have not the time to pursue this phase of the question a little further.

Speaking of the western provinces brings to mind the proposal of the government to establish an agricultural stabilization fund. As I understand it, this fund will provide for the payment to the exporter of the difference between the exchange value of sterling and a price fixed at $4.60. This proposal is to apply to animals, meats including bacon and hams, poultry, fresh fish, canned fish, tobacco, cheese, milk products, canned fruits, canned vegetables and maple products. In reality this makes the pound sterling legal tender at $4.60 for a selected list of commodities. But why the discrimination; why the selected list? Why does this not apply to apples and to lumber; why should it not apply to the export of this selected list to other countries? We lose just as much through the high value of our dollar when we export to the West Indies or to any other country as we do when we export to Great Britain. This is a belated recognition of the discrimination which the farmers and other exporters have suffered from for the last eighteen months because of the low value of the pound or the high value of our dollar. I think this action justifies the stand which we have taken in this house for the last two years. Two years ago I urged the government to abandon the gold standard in order to raise our price levels and relieve us from this terrible deflation which was carrying commodity price levels lower and lower. On almost every occasion which has offered since that time we have stressed the necessity of raising the value of commodity price levels by monetary action such as the bringing of our currency to a parity with the pound. This proposal of the government is a poor substitute, or it might even be termed a poor excuse. I think it should apply to every exporter whether he is engaged in the exporting of forest, mine, fish or agricultural products. If we were to bring the value of our currency more in line with the currencies of other countries it would not cost the treasury anything and it would raise prices in Canada to a point where the Minister of Finance would find that he could balance his budget without raising the rate of taxation.

Our exporters have to compete with all the world. We compete with Australia, New Zealand, Argentina, Denmark, Sweden and Norway. In Australia and New Zealand the British pound is at a premium of twenty-five per cent and although I have not the latest

figures in connection with the Argentine, I do not think it is far from twenty-five per cent. Action has been taken recently by the Danish government to bring their exchange to practically the same level as that prevailing in New Zealand. I should like to quote from an article which appeared in the London Times of February 1, headed Danish Labour Troubles and Inflation of Currency. It reads in part as follows:

—the government has agreed to allow the krone to fall to 22.50 to the pound.

It gives a statement by the Prime Minister of Denmark as follows:

The decline in the krone rate which has taken place in a few days proves that it has not been possible to maintain that relation between Danish and British currency which has been aimed at. In sympathy with the legislative assembly, and with the support of the National bank, the government announces that the rate of exchange fixed to-day—that is, 22.50 kroner to the pound—will be maintained.

That works out at very nearly the value of the New Zealand currency. When we export wheat we compete with Australia and the Argentine, but how can we compete when the pound brings us only $4.10 while it brings $6.10 in Australia? How can we compete with New Zealand in butter and cheese and with Denmark in bacon? How can our lumbermen compete with Sweden and Norway where the pound is at the old parity? This stabilization proposal will not give us anything like an equal chance to compete.

About a week or two ago, when the Prime Minister was speaking upon the Unemployment Relief Bill, he stated that in the opinion of many observers outside Canada, conditions in this country were better than in any other in the world. He surely, when he made that statement, had not got in touch with the right people. I want to say that conditions in Canada are not as good as they are in many other countries. Conditions are better in Australia, Sweden and Denmark than they are in Canada. I have under my hand a few clippings taken from the Melbourne, Australia, Herald of January 17 of this year. In that paper they point out that Australia's exports have largely increased during the past two years. May I read just a few sentences from this clipping. It states:

World prices for Australia's exports fell to low levels. This left a big gap between costs and prices. The gap was lessened by a reduction in interest charges. The most important adjustment which helped was an increase in the exchange rate.

In January, 1931, the rate was raised to (Australia) £130—(sterling) £100.

The redistribution of income which resulted from this movement was further strengthened by the suspension of the gold standard by Britain and the depreciation of sterling in terms of gold.

In December, 1931, the Australian rate was reduced to (Australia) £125—(sterling) £100 and has been held at that point since. The effect of these exchange movements has been to keep Australian export prices fairly steady over the year, while gold prices have continued to fall.

An accompanying chart in the paper shows the export price index figure as being Australia, 54; sterling, that is Britain, 44 and gold, 30. Australian exporters were getting a much better price than their competitors in gold standard countries. This has been the greatest factor in increasing Australia's exports, securing the solvency of her producers, raising commodity price levels and enabling the government to balance the budget. That is the one sentence I want to repeat for the benefit of the Minister of Finance. It has enabled the Australian government to balance the budget. Why all this effort in Canada to balance the budget by drastic economies and drastic increases in taxation, and in the end being $100,000,000 away from a balance? Australia has shown us the way if we are not too blind to see it.

I shall have to hurry over the other points, but may I state that Australian four per cent bonds are selling in that country at a premium; that a £100 bond is worth £101 16s 3d on the market. This table also shows that their exports have very largely increased. Their exports of flour for the year 1931-32, as compared with the average of 1926-29, show an increase of practically 22 per cent, while comparative figures for Canada show a decrease of 47 per cent. Their exports of wheat increased 82 per cent while ours decreased 32 per cent. Their exports of butter increased 116 per cent while ours increased 12 per cent. This paper says that there is an improvement in retail trading; turnover is increasing; costs are down and many retail stores show improved profits.

I should like to point out that the wholesale price chart shows that the price level in Australia during 1931 and 1932 has not fluctuated more than three points, being at about eighty-one in January, 1931, and standing at eighty in the fall of 1932. In Canada the index figure fell from seventy-six in January, 1931, to sixty-four in December, 1932. Australia has escaped a lot of the tragedies of deflation from which the United States and Canada have suffered. May I again remind the Minister of Finance and the house that Australia has balanced her budget and last fall I read in the press that Argentina had also balanced her budget.

I regret to see that my time has almost expired, because there are in the budget a lot of items to which I should like to have referred, for example, the income tax, the tax on sugar, and the proposal to take pensions away from members of the civil service who are in receipt of them. I have not time to deal with those except to say that I trust the minister will give the most sympathetic consideration to the representations that are being made to him by the representatives of the returned men. In most cases it would be very unjust to take away from a civil servant the pension which he is receiving. There may be some cases where this is justified, but I am not at the moment prepared to say definitely.

In the few minutes left to me I want to suggest to the minister that he is really not very wise in attempting to balance the budget at this time. This will need too drastic increases in taxation, and taxation has already been carried to the point where it is hampering if not destroying business. Our first task should be to raise price levels. May I point out to the minister that this year our ordinary expenditure is about $364,000,000; unemployment and special expenses, $49,000,000; Canadian National Railways deficit, $53,000,000, or a total of $446,000,000. In 1928 the revenue collected was practically $460,000,000, or more than equal to the amount the minister needs this year. If he will take the necessary action to raise the price levels within a reasonable distance of the 1928 point, we can increase the revenue, reduce the unemployment relief payments, reduce the Canadian National Railways deficits, and in that way we shall have a balanced budget. It will take only a couple of years to do that; and I suggest to the Minister of Finance that he drop some of these nuisance and burdensome taxes, for instance the tax on sugar, and direct his taxation system in a way that it will not dry up the buying power of the people, because after all business depends upon that buying power. The amount of trade and commerce carried on in Canada will determine the revenues of the government. We are making taxation much too heavy and the minister would be well advised to allow the deficits to stand for a year or two. When we get back even to the 1926 or 1928 price level, the government can create surpluses to cover these deficits which are now accumulating. To do this will necessitate the establishment in Canada of a national money policy. I know some people say that we dare not do this. I ask: Dare we not do it? Can we wait any longer? If Christopher Columbus had been as timid as are some of our Canadian bankers and public men, America would still be in the hands of the Indians. Let us be courageous enough to initiate a national money policy for Canada, one which will enable us to restore price levels and give our people a chance of employment and to earn their own living, thus enabling us really to raise the standard of living in Canada higher than it has ever been before. This is possible if we are determined to get it.

On motion of Mr. Stevens the debate was adjourned.

SUPPLY

DEPARTMENT OF NATIONAL DEFENCE

The house in committe of supply, Mr. Cowan (Port Arthur-Thunder Bay) in the chair.

Royal Canadian Air Force—all expenses in connection with the general maintenance of the air force, including training personnel for civil aviation, and provision of the necessary facilities therefor; also

Civil Aviation—all expenses in connection with civil aviation, including the control of commercial and private flying, construction and maintenance of airways and aids to air navigation, airship bases and flying clubs, etc., $1,600,000.

Mr. ROSS: When this item was previously under consideration I had a few remarks to make on this subject in general. I think we are agreed that a certain amount of money must be spent on defence, and if that money is to be spent I think the house will spare a few minutes to consider what is the greatest necessity in the way of defence.

I am not putting myself up as an expert, but I think we should consider what progress has been made in aviation, and how it is likely to affect us. The old conditions which existed at the time of the last war will never recur. Men are not going to be placed in great masses and be stalemated without any result. I should like to bring to the attention of the committee a few of the important changes that have taken place.

During the great war Germany had at most thirty-eight aeroplanes with which to make a raid on London; to-day she can mobilize one thousand aeroplanes. Moreover, these aeroplanes can now fly a distance of from one to two thousand kilometres, carrying a load of bombs weighing up to three or four thousand kilograms.

The committee may also be interested in the number of aeroplanes available in the different countries. It is said that France has

some 2,500 aeroplanes; England, 1,550; Italy some 1,100, the United States 1,947, and Canada very few.

I should like to point out what my object is in giving these figures. To-day the only useful expenditure for the defence of a country is upon the air force. The bombs which we used in the war would weigh from twenty to fifty pounds. To-day the French Goliath aeroplanes carry bombs weighing 500 kilograms, and they have super-bombs weighing from 1,000 to 1,800 kilograms. In addition there is the small incendiary bomb weighing about one kilogram. During the war it is estimated that the enemy poured upon London about three hundred tons of bombs. To-day they could pour that amount on the city in one day.

Having dealt briefly with the great increase in the development of aeroplanes and bombs, I shall speak very briefly on the development of gas. The first gas used in the war was chlorine, which caused some six thousand deaths on its first use. This gas is produced in a cloud which could easily be detected, and in such a way that we could defend ourselves against it. But the next development was a gas that could not be detected. It was a derivative of chlorine, carbon oxychloride, fifteen times stronger than chlorine, which was known to us as phosgene, and against which we developed gas masks as a protection. In addition there was the development of "mustard gas." In addition to those two gases there had been produced for use in war, chloropicrin. It is now ready for use, and if I could do only one thing, make people shudder at the horrors of the next war so that they will do all they can to help prevent future wars it will be time well spent. Another gas, diphenylchlorarsine—three drops will kill—causes oedema of the lungs, dropsy of the lungs, oedema of the spleen, necrotic changes in the vascular walls, particularly in the aorta. It also produces changes in the blood and the hoemoglobin becomes methaemoglobin. It is a gas against which our masks would be no protection whatever. The gas will penetrate the mask and cause its removal, making available the use of a more deadly gas with which it may be mixed. One part of this gas combined with ten million parts of air will put a man out of action in one minute. In 1918 this gas was used on a herd of goats and it killed all but four, which were in such agony that they smashed their skulls against a fence. This gas can be used in five-pound generators, six hundred forming a load for a commercial aeroplane. One thousand of these generators can gas an area of sixty kilometres. Two planes could carry forty tons, sufficient to destroy the population of London.

[Mr. Ross.]

The next is cacodyl isocyanide. One breath of this gas is absolutely fatal to human beings.

The next is lead tetraethyl. It is a bromine. It cost the lives of thirty-eight workmen at the time it was being manufactured in the factory in New Jersey.

There is another gas called diethyl telluride which will penetrate the skin without injuring it. This gas is one hundred times greater in its effects than strychnine.

Then there is a bomb, the electric incendiary bomb, which dropped from an aeroplane will set free a substance known as thermite. It develops a heat up to three thousand degrees, which will pierce through iron, steel and earth to gas mains, which would be set on fire, adding to destruction. Two pounds of this gas in bombs would be sufficient to destroy the whole city of Ottawa. Water has no effect on this substance except to intensify its action.

I think these facts will be interesting to the house and the country. They show the great development that has taken place since the war of 1914-1918. They help to show the great dangers there will be in the next war. The attack will come from the air with bombs carrying these fatal substances I have mentioned, against which we have absolutely no protection. The only defence we have is in our air force. A bombing aeroplane could put a whole nation out if it wanted to, and the only defence in war at the present time is fighting aeroplanes which we are not producing. These aeroplanes will not guarantee to us perfect protection, but they drive the bombing planes to such a height that the certainty of the direction of the bomb is not assured. Further, the bombing plane may be driven away from its objective. In any future war the attack will not be against the men at the front, but upon the industrial areas, the defenceless men, women and children in the areas back of the lines. Aggression will be so speedily carried out that unless protection is afforded, the people will have no way of shielding themselves against invasion. Therefore I believe the house might well agree that the air service represents the most important part of the estimates for the Department of National Defence. I am not asking for an increased expenditure upon air protection, but I do not believe the air defence should be crippled, and when we do vote moneys for defence the country and parliament should know wherein our true defence lies.

Mr. BRADETTE: Last fall when the statement was made in this house that the government contemplated building the trans-Canada airways, and landing fields in connection therewith in the different sections of the country, involving the employment of many single men in several parts of Canada, the news was well received in my section of the country. I was pleased to learn from the minister only a few weeks ago that a considerable amount of work had been done in northern Ontario We knew that it would be necessary from a geographical standpoint to establish landing fields in the northern section of northern Ontario, for reasons which I shall not now enumerate. To some extent, however, we are disappointed that in the districts of Cochrane and Hearst, at which points I believe the government had planned to establish landing fields, no work has been started. In fairness to the minister may I say I realize that the task of expropriating or buying the land and attending to all matters concerning the landing fields entails a good deal of work. I urge upon him, however, that at this time of the year and later in the spring many of our rural single population are out of employment until the ground is uncovered, and if it were possible for his department to begin work in our section of the country conditions would be relieved. This may appear to be a purely local matter, but when we consider that in nearly every section of Canada people are working on these airways, the committee must realize that my request is practical and logical. I know the minister well enough to realize that he will give fair consideration to my suggestion.

Mr. SPENCER: Could the minister give some reason for this decrease?

Mr. SUTHERLAND: The decrease of $150,000 is distributed throughout the vote. The chief items are, first, that we are making no provision for new aircraft; second, there will be a lesser amount of flying, thereby necessitating fewer major overhauls; and third, there will be very little new work done at the Trenton aerodrome.

Mr. BRADETTE: Would the minister kindly answer my question?

Mr. SUTHERLAND: Yes. As the hon. member has said, the scheme of opening up landing fields to complete the Trans-Canada Airway was recently embarked upon. One very important link in that airway runs through northern Ontario where difficulties have been experienced in landing the machines flying from eastern to western Canada. During the summer months, on account of the many lakes in northern Ontario, landing is not difficult, and in the summer season flying boats are used. To obviate the difficulty of landing in all seasons, for several years the department have had plans in preparation for the establishment of intermediate landing fields in that part of the country. Under this scheme when we had the opportunity of doing some work we decided to establish the intermediate aerodromes at Diver, Gillies, Nagogami, Pagwa, Nakina, Camp Creek, Armstrong, Sioux Lookout, and Amesdale in that section. At present we have work going on at Amesdale, Armstrong, Nakina and Gillies. Nagogami and Pagwa are apparently close to Cochrane, and work will be started at those points. As the hon. member has said, it is impossible to get the whole scheme in operation at once. However the preparatory work is being done, and before long we hope to get the work under way in the intermediate fields nearer to Cochrane. In that event doubtless the single, homeless, unemployed men from Cochrane will be employed.

Mr. NEILL: Mr. Chairman, I wonder if the minister will be courteous enough to answer a question concerning a matter which does not refer strictly to this item. I notice we have gone into estimates to-night, in defiance of the usual custom of announcing the night before what will be considered on the following day. Last night we were told we would go on with the debate; estimates were not mentioned.

The matter I have in mind was taken up with the minister by letter a few days ago, and the substance of it is this: I am told that an official ruling has been given by the Department of Justice that where a soldier dies having due to him military pay for services while overseas or pay and allowance while sick in hospital, such moneys are not recoverable from the government. The language used is, "such pay being nothing capable of being regarded or secured as an asset of the estate." If this is correct—it seems almost silly to suggest that it is correct, but there is every reason to believe that it is—it is so patently unjust that it certainly ought to be a subject of legislation. I am told the theory is that there is no contractual obligation, and that payment to a soldier is entirely a matter of grace by the government. I think such a theory has only to be stated to show its absurdity, and, if a fact under the law, indicates the necessity of a change in the law. I should like to ask

the minister—he has had notice of the question before—if he has looked into the subject, and if he could give me any information in the matter.

Mr. SUTHERLAND: I have looked into the matter, and my information is that there must be a difference in the pension law with regard to soldiers. With regard to our permanent force, that is not the case. If a member of the permanent force dies, any pay which may have been coming to him forms part of the estate. With regard to the case of which we are both aware, I am informed it was not a question of his pay not forming part of the estate, but one of legitimacy. The other parts, with the exception of pay and allowances which were coming to him, have been paid to the province from which he came. I am informed that it was only because of the question of legitimacy that the other money was not paid, and had it not been for that matter it would have gone to his legal heirs.

Mr. NEILL: Of course I was not discussing the question of the pay of the permanent force. If the minister says this is the decision of the department, that it only applies to the specific case about which I wrote, in which the question of the man's legitimacy did arise, I suppose I must accept that, but if that is so his department has an unfortunate way of stating a case. The letter contains this statement:

> The unpaid balance of pay and allowances credited to the account of the deceased, which amounts to $62, represents moneys not properly comprised in the estate.

Then I took up the question with the Department of Justice, and I have read the answer I received, that this was regarded as military pay and was not capable of being secured as an asset of the estate. In conversation with the official I interviewed in the Department of Justice I was told that the decision was based on broad general lines and that it applied to all soldiers. If the minister now says he has been advised by the Department of Justice that it applies only to a specific case where the legitimacy of the man is in question, of course that sheds quite a different light on the matter. Might I ask if the minister obtained his information from the Department of Justice, or whether he obtained it from his own officials?

Mr. SUTHERLAND: I obtained it from my own officials. There has been a good deal of correspondence and after my discussion with the hon gentleman the other day I went over the file very carefully and obtained all the advice I could get. I was assured that this was the reason, and that when the Department of Justice gave that decision they referred to this particular case. I am told, however, that in all the cases with which we have to deal such pay and allowances do form part of the estate.

Mr. NEILL: The ruling of the Justice department was given years before this case came up, and could hardly refer only to this specific case. Letting that go for the moment, however, I would suggest that this man's estate should receive this sum. As the minister has been advised, the estate consisted of three amounts. There was $200 left in a savings bank account in Winnipeg, of which the department here very improperly took possession. They held that amount for thirteen years; they paid no interest and are not going to pay any interest, though they had no more right to the money than I have. That amount has been wrested from them and returned to the province; in due course it will find its way to their heirs. Then there were two cheques, each for $70, found in his possession after he died. I suppose they were cheques for pay and allowances, but that sum also was kept for over thirteen years. Finally that has been handed over to the province, and in time that amount will find its proper destination. The other sum of $62, however, for accrued pay, was money due the man, and no matter whether or not he was illegitimate he left a destitute mother and sister, and some of his heirs are on relief now. He earned this $62, and outside the question of legal interpretation, on general principles of equity does Canada want it to be said that we did a dead man's relatives out of a few dollars because of some fine spun theory that we did not have a contractual obligation to pay? He went to the war and we undertook to pay him $1.10 a day, but apparently we are trying now to renege on the bargain on the excuse that the man was illegitimate. That seems to me absolutely foreign to all sense of fairness. I do urge that instructions be given to pay this money as a matter of compassion, if you wish to call it that, though I would call it very bare equity.

Item agreed to.

Progress reported.

INDIAN ACT AMENDMENT

The house resumed from Wednesday, March 1, consideration in committee of Bill No. 21, to amend the Indian Act—Mr. Murphy—Mr. Cowan (Port Arthur) in the chair.

On section 7—Enquiry as to fitness for enfranchisement.

Mr. MURPHY: I have a further amendment to this bill, Mr. Chairman, and I would ask for leave to withdraw the present amendment.

The CHAIRMAN (Mr. Cowan, Port Arthur): Is it the pleasure of the committee that the amendment be withdrawn?

Amendment withdrawn.

Mr. SUTHERLAND: Then I beg to move that section 7 be amended to read as follows:

Section 110 of the said act is amended by adding thereto the following subsection:

(14) In respect of an Indian or Indians of any band who has not or who have not made application for enfranchisement under this section or under section 114 of this act, the Superintendent General may appoint a board to consist of any judge of any superior court or any judge of any circuit, district or county court, an officer of the department and a member of the band to which the Indian or Indians under investigation belongs or belong, to make inquiry and report as to the fitness of any Indian or Indians to be enfranchised, and such report shall have the same force and effect and shall be dealt with in the same manner as if the same had been made upon the application of an Indian or Indians under this section; provided, that no enfranchisement of any Indian or Indians shall be made under this subsection in violation of the terms of any treaty that may have been entered into between the crown and the Indians of the band in question.

Mr. POWER: May I ask if this implies that an Indian may be enfranchised without his consent?

Mr. MURPHY: Yes.

Mr. POWER: Then I am "agin" it.

Mr. GRAY: So am I. May I ask if the minister received a protest from the Indian band on Walpole island, in the constituency of West Lambton, urging that this legislation be not proceeded with and, if so, what action the minister took?

Mr. MURPHY: No, I received no communication from the Indians on Walpole island.

Mr. McINTOSH: How can an Indian be enfranchised without his consent if there is a member of the band sitting on this board and that member is representative of the band? It must be a peculiar type of Indian government without much responsibility to it, I would imagine.

Mr. MURPHY: The board is to consist of three members, a judge of any superior court or any circuit, district or county court, an officer of the department and a member of the band to which the Indian or Indians under investigation may belong, and the board makes inquiry as to the fitness of any Indian or Indians to be enfranchised. The Superintendent General may appoint a board to make the investigation.

Mr. McINTOSH: I should imagine, from what the minister has said, that the representative of the department and the judge in question possess the superior weight in the court and overrule the representative of the band, so that an Indian who does not want to be enfranchised will be. That does not look good to me. The board is more representative than ever, and in that respect I endorse the idea; but I do not think we are getting over the difficulty if we enfranchise an Indian who does not want to be enfranchised.

Mr. MURPHY: It does not necessarily follow that the Indian does not want to be enfranchised.

Mr. McINTOSH: That question was asked by the hon. member for Quebec South.

Mr. MURPHY: No. The question asked by the hon. member for Quebec South was whether an Indian could be enfranchised against his will. The Indian under investigation might be quite willing to be enfranchised.

Mr. ELLIOTT: Can the minister tell us what the effect is of the various treaties entered into with the Indians—the treaties referred to in this amendment?

Mr. MURPHY: There are various treaties entered into between the Dominion government and the different bands of Indians throughout Canada, eleven in number.

Mr. ELLIOTT: What are the dates?

Mr. MURPHY: I do not know that I can give them all. I have these dates: August 3, 1871; August 23, 1875; August 23-28, 1875; September 8, 1875.

Mr. ELLIOTT: Is that the list of treaties providing for surrender of land to the crown by the Indians?

Mr. MURPHY: Yes; under these treaties areas were surrendered to the crown.

Mr. ELLIOTT: Those are not the treaties that have any bearing whatever upon the amendment that is now before the house. There are a great many treaties that have been entered into from time to time by these various Indians, sometimes individuals, and always assented to by the band, providing for surrender to the crown of certain areas, some-

times one hundred acres, sometimes enough for a right of way, and sometimes the whole reserve. With the assent of the Indians provision is made for handing over these lands, but the Indians that are vitally affected by this legislation are those whose lands have not been handed over, who still have them, and who are known as treaty Indians. The minister is no doubt familiar with these treaties. Can he tell us what they are?

Mr. MURPHY: I do not know of the existence of any such treaties as my hon. friend refers to. I thought at the beginning of his remarks, when he spoke of surrenders, that he referred to certain surrenders that are made now and that have been made during the past number of years from time to time of certain lands for sale or lease. Apparently however he has in mind some treaties of which he has knowledge under which the Indians possibly claim that they hold their lands, and that their rights are violated by this amendment. I know of no such treaties myself, unless the hon. member can give me some further light on the subject in regard to which he wishes to have information.

Mr. ELLIOTT: May I point out to my hon. friend that the proviso here means nothing if there are no such treaties:

> Provided, that no enfranchisement of any Indian or Indians shall be made under this subsection in violation of the terms of any treaty that may have been entered into between the crown and the Indians of the band in question.

If my hon. friend will direct his attention to this proviso he will very readily see that it means nothing unless there is in existence some treaty to which it may apply. The treaties to which I refer are treaties referred to by the minister. They are certain treaties providing for surrender of certain lands, and there are a couple of volumes of them; and every band has from time to time surrendered certain lands. As I said before, some bands have surrendered all that they had and taken money, annuities in some cases and in other instances a lump sum. I assume that when the department draws up an amendment of this kind containing the proviso I have quoted it must refer to some treaty or treaties. If there is no such treaty then this proviso means nothing. Can the minister tell me whether there is such a treaty?

Mr. GUTHRIE: The last time the bill was under discussion it was stated by a good many hon. members that there were certain treaty rights and that they should be sacredly protected, and the clause has been drawn with the idea of protecting any rights which the Indians may have under any treaties. Hon. members opposite spoke of this and referred to treaty rights. No one wishes to violate any rights and if there be such rights they are protected by this clause. It was to meet the objection advanced in this respect that the clause was drawn.

Mr. ELLIOTT: Does the Minister of Justice mean to suggest that neither the Department of Justice nor the Department of Indian Affairs is able to tell us what treaties exist between the Indians and the government to which this amendment, so carefully drafted, may refer?

Mr. GUTHRIE: If there are any treaties the rights thereunder are all protected; the provision has been made broad enough to protect every right that arises under any treaty.

Mr. ELLIOTT: Do I take it that the minister knows of no such treaties?

Mr. GUTHRIE: I know of none, apart from those mentioned to-night.

Mr. ELLIOTT: Does my hon. friend know of none?

Mr. MURPHY: When the bill was last before the house my hon. friend claimed, if I am not in error, that the previous amendment did violate certain treaty rights and I asked him to name the treaties and give particulars as to what rights were being violated. That question was not answered.

Mr. ELLIOTT: When did the hon. gentleman do that?

Mr. MURPHY: The last time the bill was before the house. As I said a few moments ago, there are certain treaties entered into between the Dominion government and the Indians of Canada, and there are certain other treaties in which the Indians are mentioned. In my reading I have been unable to find any place where this enfranchisement clause conflicts with or violates any of the rights of the Indian under their treaties. Hon. members opposite claimed that certain rights were violated and this amendment has been drafted to meet that contention. My personal opinion is that no treaty rights are being violated, but that question can be decided by the law officers of the crown. If the hon. member so desires, I can read one of the treaties entered into with the Indians. Treaty No. 1 entered into by the Dominion government with the Chippewa and Swampy Cree tribes of Indians, reads as follows:

> The Chippewa and Swampy Cree tribes of Indians, and all other the Indians inhabiting

the district hereinafter described and defined, do hereby cede, release, surrender, and yield up to Her Majesty the Queen, and her successors forever, all the lands included within the following limits.

Then follows a description which I do not need to give:

To have and to hold the same to Her said Majesty the Queen, and Her successors forever.

Her Majesty the Queen, hereby agrees and undertakes:—

1. To lay aside and reserve for the sole and exclusive use of the Indians, the following tracts of land for the various bands—

Then comes the description of the lands.

—160 acres for each family of five or in that proportion for larger or smaller families;

2. Makes the Indians a present of $3 for each individual belonging to the bands here represented;

3. Agrees to maintain a school on each reserve hereby made, whenever the Indians of the reserve should desire it;

4. Prohibits the sale of intoxicating liquors on reserves;

5. To take a census of the Indians and annually hereafter pay to each Indian family of five persons the sum of $15 Canadian currency or in like proportion for larger or smaller family, such payment to be made in such articles as the Indians so require of blankets, clothing, prints, twine or traps or currency if Her Majesty shall deem it advisable.

That is a sample of the treaties entered into with the Indians. I am unable to find within the four corners of that treaty anything which would prevent the enfranchisement of an Indian as provided for by this amendment. Certain references were made during the last debate to the violation of treaty rights, but so far no hon. member has stated in what way those rights would be violated. This amendment provides that if any treaty right is violated, the provisions of this bill shall not apply.

Mr. POWER: The stand I took was not based upon any particular treaty or upon any particular treaty rights; it was based upon the higher ground that as we had taken property from the Indians we had to treat them as wards of the government and we had no right to force them into a position which they did not wish to occupy. I have not before me the Treaty of Paris of 1763, but I have an idea that either in the treaty itself or in the resolutions, the Indians allied to the French—I use the word "allied" advisedly because they were not French subjects—were given certain rights. The Huron Indians now upon the reservation at Lorette were in alliance with the French settlers. They had waged war upon the Iroquois but had been defeated and decimated. The King of France decided that they should settle at Lorette near Quebec. The French government granted them certain rights and I believe those rights still exist. They are not Canadian citizens in the full sense of the word and I do not know that the Dominion government has ever made a treaty with them. They have always held that traditional position of having been allies of the original French settlers and of the French crown. They did not become British subjects but rather inhabitants of Canada who had entered into, if not a peace treaty at least an agreement not to wage war upon the British government. Their rights go much further back than any document or any arrangement which might have been entered into between the Dominion of Canada and the band to which they belong. In my view they are inhabitants of this country who have certain rights which have been sanctified by custom and we are not entitled to take those rights away. As I say, I have not the documents in connection with the treaty before me but I expect to have them before the debate is over. I protest that this parliament should not take away rights which they have held since the beginning of the British possession of this country.

Mr. STEWART (Edmonton): I am taking exception to the clause from another angle altogether. I do not know of any law that compels a white man to take out naturalization papers and I cannot understand why the department should be anxious to enfranchise Indians by compulsion; whether under the auspices of a judge or under the provisions of section 110, it is the same thing. The government is saying in effect that if an Indian is fit to be enfranchised, he shall be enfranchised. I submit that that is taking very drastic steps in dealing with the Indians. Heretofore the Indian has been enfranchised upon his own application and by his own free will.

Mr. MURPHY: A similar amendment to this was upon the statute book for two years.

Mr. STEWART (Edmonton): Yes, I know, but we had to take it off for the very good reason that it would have caused a lot of trouble. If this bill goes through and my hon. friend attempts to carry out its provisions, I am afraid he will have very serious trouble in certain cases. If an Indian is a non-treaty Indian living outside the reserve and does not desire enfranchisement, I do not think the state should force it upon him. That is the privilege the Indian has always enjoyed and I do not know of any good reason why it should be taken away. It may be said that Indians are taking advantage of the fact that they are not enfranchised, pay no taxes and

have no responsibility, but for the life of me I can see nothing but trouble in connection with the enforcement of this particular clause. I do not think the department will find more than twenty-five or thirty Indians that they feel should be enfranchised. I never heard of any serious difficulty in this connection. A white man who migrates to Canada must be here five years before he can become a citizen of this country. By becoming a citizen, he becomes enfranchised. But if he does not do that, nobody is going to compel him to do it, nor does the law compel him to do it, so that it is certainly not handing out preferred treatment to the Indian wards.

Mr. ELLIOTT: Do I take it that the minister states that there are in the department no treaties that protect the franchise, of which this legislation is a breach? Is he in a position to say that there is no such treaty in existence?

Mr. MURPHY: I make no such statement, but this amendment amply covers that point in case there is any such treaty. I am not giving my judgment upon treaties which may have been in existence for one hundred or two hundred years or a longer period of time. I do not feel that I am competent to pass upon this point, but I do not think that enfranchisement will be found mentioned in any treaty.

Mr. POWER: I never said so.

Mr. MURPHY: I am answering the hon. gentleman who has just taken his seat. This amendment certainly covers the point and the department will be governed in such cases by the opinion of the law officers of the crown. I do not feel myself competent to pass upon the question the hon. member has just asked as to whether these treaties will be violated by the provisions of this section. That is a question to be decided by the Department of Justice.

Mr. ELLIOTT: The minister is drafting an amendment to provide that there will be no violation of any treaty that may have been entered into, and he is doing this without looking up the treaties and knowing whether there is any such treaty that comes within that category, and, if so, what the terms of that treaty are. I would suggest that if we are going to discuss this amendment intelligently, the minister ought to do the committee the courtesy, if I may respectfully so suggest, of ascertaining what the terms of those treaties are. I have received from various Indians, Indians of different reserves, representation as to the terms of treaties. They think they have treaties; as a matter of fact they are firmly of opinion they have. The minister, however, is the man above all members of the house who is in a position to ascertain what treaties there are. There is no question that there are treaties between the Indians and the crown.

Mr. MURPHY: I have so stated.

Mr. ELLIOTT: Before we proceed with this legislation we had better ascertain the terms of those treaties instead of simply inserting a clause of this kind.

Mr. MURPHY: I have read one of the sample treaties to the committee.

Mr. ELLIOTT: That does not bear on the matter at all.

Mr. MURPHY: There are many other treaties in existence. I have read some of them; I have not read them all. As I have stated, I shall be governed by the opinion of the law officers of the crown.

The hon. member for Quebec South has made the remark that the Indians are not in his opinion British subjects and that under the terms of some of these old treaties they possess certain inalienable rights that should not be taken away from them. I have a judgment which was given by Mr. Justice Riddell in March, 1921, on a question of fishing rights or the violation of fishing regulations in Ontario. The Six Nation Indians of Brantford and of Tyendinaga take the same position as that taken by the hon. member for Quebec South and I think it would be very pertinent if I read the judgment to the committee.

Mr. MACKENZIE (Vancouver): Which court was that?

Mr. MURPHY: The Court of Appeal of Ontario. I will not read all the judgment, but I will read the part that I think is pertinent to the subject under discussion, as follows:

It is well known that claims have been made from the time of Joseph Brant that the Indians were not in reality subjects of the king but an independent people—allies of His Majesty—and in a measure at least exempt from the civil laws governing the true subject. Treaties have been made wherein they are called "faithful allies" and the like and there is extant an (unofficial) opinion of Mr. (afterwards Chief) Justice Powell that the Indians so long as they are within their villages are not subject to the ordinary laws of the province.

As to the so-called treaties, John Beverley Robinson, Attorney General of Upper Canada (afterwards Sir John Beverley Robinson C. J.) in an unofficial letter to Robert Wilmot Horton, Under Secreatry of State for War and Colonies, March 14, 1824, said:

"To talk of treaties with the Mohawk Indians residing in the heart of one of the most populous districts of Upper Canada upon lands purchased for them and given to them by the British government is much the same in my humble opinion as to talk of making a treaty of alliance with the Jews in Duke street or with the French emigrants who have settled in England." Canadian Archives, Q. 337, pt. II, pp. 367, 368.

I cannot express my own opinion more clearly or convincingly. The unofficial view expressed by Mr. Justice Powell at one time, he did not continue to hold.

The question of the liability of Indians to the general law of the land came up in 1822. Shawanakiskie of the Ottawa tribe was convicted at Sandwich of the murder of an Indian woman on the streets of Amherstburgh and sentenced to death. Mr. Justice Campbell respited the sentence as it was contended that Indians in matters between themselves were not subject to white man's law but were by treaty entitled to be governed by their own customs—Canadian Archives ,Sundries, U.C., September, 1822. It was said that Chief Justice Powell had in the previous year charged the grand jury at Sandwich that the Indians amongst themselves were governed wholly by their own customs: Powell, when apllied to by the lieutenant governor, denied this and sent a copy of his charge which was quite contrary—do, do., October, 1822, and all the Judges Powell, C.J., Campbell and Boulton, JJ. disclaimed knowledge of any such treaty, and concurred in the opinion that an Indian was subject to the general law of the province. The Indian was, however, respited that the matter might be referred to England, do. do. October, 1822. It was referred to the law officers of the crown who reported in favour of the validity of the conviction: the Lieutenant Governor, Sir Peregrine Maitland, was instructed that there was no basis for the Indian's claim to be treated according to his customary law, that the offence was very heinous, the prisoner bore the reputation of great ferocity and there appeared to be no ground for clemency—but as Maitland might be in possession of further facts, he was given discretionary power to mitigate the punishment—the warrant sent distinctly recognized the legality of the conviction and authorized the execution of the sentence, but left the discretion with the lieutenant governor. Canadian Archives, Q. 342, pp. 40, 41, 1826.

The law since 1826 has never been doubtful. I may say that I have myself presided over the trial of an Indian of the Grand River when he was convicted of manslaughter, and sentenced. I can find no justification for the supposition that any Indians in the province are exempt from the general law—or ever were.

And this is the point which is, I think, most pertinent to the subject under discussion:

But whatever may have been the status of the original Indian population the law as laid down by Blackstone in his Commentaries Bk. 1, p. 66, has never been doubted: "Natural-born subjects (as distinguished from aliens) are such as are born within the dominions of the crown of England..and aliens, such as are born out of it." He adds (p. 369): "Natural allegiance is therefore a debt of gratitude, which cannot be forfeited, cancelled, or altered by any change of time, place, or circumstances, nor by anything but the united concurrence of the legislature": Eyre V. Countess of Shaftsbury (1722) 2 P.W. Ms. 102, at page 124. Halsbury's Laws of England, vol. 1, pp. 302, 303, says: "Persons born within the allegiance of the crown include everyone who is born within the dominions of the crown whatever may be the nationality of either or both of his parents," with certain well defined exceptions not of importance here. See the Imperial Acts (1914) 4 and 5 Geo. V. c. 17: (1918) 8 and 9 Geo. V. c. 38; and our Dominion Act (1919) 9 and 10 Geo. V. c. 38, c. 1 (Dom.).

I think, Mr. Chairman, that that very effectively answers the observations made by the hon. member for Quebec South, that the Indians are the subjects of the dominion and liable to our laws and to any legislation we may pass.

Mr. POWER: I thought I would have to take issue with the minister. The case he refers to was that of a Mohawk Indian, but if he will recall his history he will remember that the Mohawks, on account of their service to the British at the time of the rebellion in 1775, because of the outrages they committed on the American colonies at that time, were rewarded by the granting of lands in Ontario. That is the situation described by the minister, that they had obtained a grant from the British crown for having fought alongside the British in the American rebellion. But the case of the Hurons is altogether different. They were allies of the French, and I find—it does not clear up the whole point, I will admit—in the Constitutional Documents of Canada, the Articles of Capitulation of Montreal in 1760. It is to be found in Documents of the Canadian Constitution, 1759-1915, W. P. M. Kennedy, where at page 12, in article 40, I find this:

The savages or Indian allies of His Most Christian Majesty, shall be maintained in the lands they inhabit if they choose to remain there; they shall not be molested on any pretence whatsoever for having carried arms and served His Most Christian Majesty; they shall have, as well as the French, liberty of religion, and shall keep their missionaries. The actual Vicars General and the Bishop, when the Episcopal See shall be filled, shall have leave to send to them new missionaries when they shall judge it necessary.

There is this note at the time of the capitulation:

Granted, except the last article, which has been already refused.

The last article referred to the exercise of the Catholic religion, which was granted, as is well known, in so far as it was in accordance with the laws of England. The article preceding says:

None of the Canadians, Acadians or French, who are now in Canada, and on the frontiers of the colony, on the side of Acadia, Detroit,

Michillimaquinac, and other places and posts of the countries above, the married and unmarried soldiers, remaining in Canada, shall be carried or transported into the British colonies or to Great Britain, and they shall not be troubled for having carried arms.

It says that they shall become British subjects, but it nowhere says that these Indians shall become British subjects. These are the Indians who were the allies of the French, and I do submit that unless there is something else in this bulky volume which I have not had time to read during the course of this debate, they still preserve some of their original status, and that this parliament has no jurisdiction over them.

Mr. MURPHY: Does my hon. friend contend that these Indians in Quebec are not British subjects?

Mr. POWER: I do not think they are unless they want to be.

Mr. MURPHY: Then my hon. friend disagrees with—

Mr. POWER: With Blackstone? Oh yes, he has been dead a long time, almost as long as the minister.

Mr. MURPHY: As dead as the arguments of my hon. friend.

Mr. GRAY: While this discussion is very interesting, I should like to place on record something practical for the consideration of the minister. This matter has been discussed at great length, and I think the minister has now introduced three or four amendments, but I have yet to hear any real reason for the introduction of this particular clause enforcing upon the Indians compulsory enfranchisement. If these men are intelligent enough to have this forced upon them, they are intelligent enough to have their petitions seriously considered by the minister and the government. The minister has stated before that he had not received these petitions.

Mr. MURPHY: No, I said that I had not received a certain petition mentioned by one hon. member. I did not say that I had not received any petitions.

Mr. GRAY: I was referring to the reply which the minister made to the hon. member for Charlevoix-Saguenay a week or so ago. I hold in my hand a copy of a petition dated Walpole Island, Ontario, March 8, 1933. It is addressed to the Hon. T. G. Murphy, Minister of the Interior, Ottawa, and it is signed by over one hundred members of the Chippewas and Pottawatamies of that island. I am going to place it on Hansard, and before this section passes, or before we consider it further I think the minister should give to this house the real reason for forcing upon these men an enfranchisement which they do not desire. The petition reads as follows:

Dear Sir,—

On report in the press that the government of the Dominion of Canada are in consideration of enacting an act of parliament to force the Indians of the Dominion of Canada into compulsory enfranchisement,

We the Chippewas and Pottawatamies of Walpole Island do herein make our humble protest to such an enactment of act of parliament for the following reasons:—

The Indians of this part of the province of Ontario are not in a position or qualification to enter into such enfranchisement, by education, or temperament as borne out by the fact that the smartest ones of our race who have taken enfranchisement have in a few months or years lost all their property, and in most cases have had to receive help.

Outside of one or two, who are graduates of universities, the majority of the Indians have not even a common or public school education, and therefore cannot compete with the white people.

Therefore we, your humble petitioners, who are descendants of the loyal subjects or allies of the Brtish crown, who have fought for the rights of the British crown, and also rose as one man to the call of the Dominion of Canada, and have volunteered and fought side by side with our white brothers in the great war, do herein request your favourable consideration of this, our humble petition:—

Signed:

F. A. Ermatinger, chief.
Joseph Sampson, chief.
Walter Sands, councillor.
Frank Day, councillor.
Allan Isaac, councillor.
Raymond Nahdee, councillor.
William Nahdee, councillor.
Earle Sands, councillor.
Elijah Blackbird, councillor.
Ebenezer Greenbird, councillor.

I would ask the minister now what he has to say to these petitioners. Does he still insist upon enforcing enfranchisement upon these tribes?

Mr. MURPHY: The hon. member is not stating the case fairly. He states that I am going to force compulsory enfranchisement upon these people. In their petition they state that they are not ready for enfranchisement because they have not the necessary education, but if the hon. member has read the amendment he will see that a court is set up to determine whether or not the Indians are fit for enfranchisement, and unless they are considered fit they will not be enfranchised.

Mr. GRAY: May I ask this question? Who initiates these proceedings? Is it not the minister?

Mr. MURPHY: The Superintendent General may.

Mr. GRAY: The minister or the Superintendent General. That is what I object to very, very seriously.

Mr. MURPHY: The hon. member has also stated that no reasons have been given to the committee as to why this action has been taken. I have endeavoured to give to the committee on one or two occasions at least my own personal feelings in the matter, and I would refer the hon. member to Hansard of February 21, when I spoke as follows:

Through the years the Canadian people have recognized their responsibilities for the welfare of the Indians of this country. In furtherance of that recognition they have spent vast sums of money in order to raise the status of the Indian. In cooperation with the churches they have established a very comprehensive educational system comprising both residential and day schools. They have also provided medical and hospitalization services for the Indian and have spent large sums of money, notably in the west, in order to make the Indian self supporting upon our agricultural lands. This constant endeavour throughout the years to raise the status of the Indian has been for what purpose? What has been the ultimate object in view in the expenditure of these moneys and the providing of these services for the Indian? It has been to raise the Indian to full status where he can take his place as a citizen of Canada. I believe this policy is the correct one but so far we have failed to take that final step which, in my opinion, should be taken, namely, to make the Indian a full citizen of this country when he has obtained that degree of advancement which entitles him to the full responsibilities and privileges of citizenship.

Those were the reasons I gave to the committee on that occasion. I am still of the same opinion, namely, that Canada has spent large sums of money for the advancement of the Indians, and again I ask: For what purpose, if not for the purpose of raising the Indian to the full status of citizenship? When he has attained that status in my opinion he should accept the responsibilities and privileges of a Canadian citizen.

Mr. ELLIOTT: I believe the minister is entirely mistaken as to his views concerning the relationships hitherto existing between the government and the Indians. His views concerning the treatment they have received are contrary to the actual relationships which have existed for generations between the crown and the Indians. I have received a protest from the Indians of the Chippewa band of the Thames who are strongly opposed to any form of compulsory enfranchisement of Indians. I believe they are preparing a petition to be presented to the government, in which they will object strenuously to any change in the rights which through certain treaties they have enjoyed through the years. Then I have from the Stregis Indians of Quebec the following telegram:

The Stregis Indians strongly protest against amending the compulsory enfranchisement to Indian Act due to conditions on the reservation, lack of work, lack of education, therefore not able to be self supporting and government would be breaking the faith of our Indian treaty.

This is signed by the Stregis Indians of Quebec. Then I have an appeal from the Caughnawaga Indians. Apparently they seem to believe they have treaties about which the minister does not know.

Mr. McDADE: Is not the hon. member referring to the St. Regis Indians? He has named them the Stregis Indians.

Mr. ELLIOTT: The word on the telegram is Stregis; I assume it should be St. Regis. May I direct the attention of the committee to what the Indians on the Caughnawaga reserve say:

We the councillors of the Caughnawaga reserve, assembled in council this twenty-fifth day of February, 1933, do beg to approach you relative to the passing and adoption by the House of Commons making it compulsory for the Indians of Canada to be enfranchised.

It would be severe calamity to our Indians at this present time should we be compelled to follow the laws of the white man in that we were not given the advantages of seriously studying and comprehending the difficult problems and laws of the British commonwealth.

In dealing with those treaties between Great Britain and the United States wherein the independence of the Indians of the Six Nations, both Great Britain and the United States have confessed that the Six Nations were an independent people. The Supreme courts of both countries furthermore recognized those treaties as inviolable.

In the life of Sir Frederick Haldimand, the question of the sovereignty of the Indians was very embarrassing, in that it would have been impossible on any theory of the laws of the nations for Great Britain or the United States to establish a prerogative in themselves to enforce the laws of the white man upon owners of this country.

In dealing with the Jay Treaty of Amity, Mallory p. 590 in 1794 the rights of the Indians was recognized. Moreover the language used there treated those tribes as being outside the circle of British subjects in relation to citizenship and sovereignty.

To make this admission still stronger that article was amplified by amendment of 1796 Mallory, p. 607 . . .

Mr. MURPHY: The hon. member is quoting Malloy; will he tell the committee who the commentator is?

Mr. ELLIOTT: I assume the book will be in the Department of Indian Affairs.

Mr. MURPHY: What authority is Malloy? Is he a member of the judiciary?

Mr. ELLIOTT: No; I assume he has made a compilation of the treaties, and I should have expected the minister to have that compilation.

Mr. MURPHY: If the hon. member's knowledge of Malloy is not greater than it was of St. Regis I am afraid it is not very wide.

Mr. ELLIOTT: I can guarantee it would not be less than the minister's.

Mr. MURPHY: Yes, it is very much less.

Mr. ELLIOTT: I am reading a petition from the Indians who apparently know more about their rights than do the people who are trying to look after them. The appeal from the Caughnawaga Indians continues:

To make this admission still stronger that article was amplified by amendment of 1796, Mallory, p. 607, which provides that no treaty made or to be made by either party with another nation or with any other Indian tribe should be construed to deny those tribal rights. We therefore beg and pray that those treaties be maintained and recognized by Great Britain and her commonwealth and that the Superintendent General of Indian Affairs take into serious consideration our request that those laws dealing with the enfranchisement of the Six Nation Indians be not adopted and enforced upon him.

This document is signed by Mayor Joseph M. Lefebre, and councillors.

Progress reported.

On motion of Mr. Guthrie, the house adjourned at 11.02 p.m.

Monday, March 27, 1933

The house met at three o'clock.

COMMITTEE ON STANDING ORDERS

Mr. A. U. G. BURY (East Edmonton) presented the first report of the select standing committee on standing orders and moved that the report be concurred in.

Motion agreed to.

BUSINESS OF THE HOUSE

FIRST AND SECOND READING OF PRIVATE BILLS

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

That for the remaining period of the session, all private bills, when presented, be read a first and second time forthwith, and that standing order 105 respecting the posting of private bills referred to the house be suspended.

[Mr. Murphy.]

This is the usual rule, made in like circumstances, having regard to the date which we have reached in the session.

Motion agreed to.

AGRICULTURE AND COLONIZATION

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

That the name of Mr. Hackett be substituted for that of Mr. Sproule on the select standing committee on agriculture and colonization.

Motion agreed to.

PRIVATE BILL—FIRST READING

Bill No. 56, respecting The Nipissing Central Railway Company.—Mr. Casselman.

TAX ON SUGAR

ALLEGED APPLICATION OF NEW RATE TO STOCKS ON HAND

Hon. E. N. RHODES (Minister of Finance): I have received many representations in protest against the alleged unfair action of wholesalers who are said to have anticipated the budget and in consequence have it is alleged reaped substantial profits through raising prices immediately on the stocks of sugar they have in hand.

The question of forestalling is a very difficult one to deal with. It has proved difficult and baffling to all governments, and up to the moment I know of no effective remedy which has been discovered to meet the situation. There is this to be said, that while there can never be an exact balance, the fact remains that when a tax is removed the reverse of this picture holds good, and the wholesaler on that occasion is out of pocket the amount of tax which is remitted, to the extent of the stock he has in hand.

I may say that all wholesalers have not been quite so fortunate, if the sugar wholesalers have been, because I know of one instance where one firm in one city borrowed $18,000 for the purpose of paying the duty to take tea and coffee out of bond, in anticipation of this very thing happening, and in that instance they will be losers to the extent of the overstock in hand and the carrying charges in the meantime.

While it is doubtful whether a remedy can be found, I wish to take this early opportunity in the session to say that the matter will be most carefully inquired into, and if a remedy is available to meet the justice of the case it will be applied.

Mr. POULIOT: There is the peace, order and good government bill.

Mr. DUFF: Has the minister received any complaints with regard to the six per cent sales tax on molasses? People who cannot now afford sugar must use molasses, on which there is a sales tax of six per cent.

Mr. RHODES: I think I can answer that question offhand and be absolutely accurate. I doubt whether there is any commodity on which a tax is placed with respect to which there will not be some protests.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

GRANBY, QUEBEC, POST OFFICE

Mr. TETREAULT:

1. Was a heating system installed in the post office of Granby, Quebec?
2. If so, when?
3. What was the total cost of installation?
4. Who sold the heating system to the government and who did the installation thereof?

Mr. STEWART (Leeds):

1, 2, 3 and 4.—

A hot water heating system was supplied and installed by Alex MacKay & Co. Montreal for $1,080 at the time the building was constructed in 1903. When the addition to the building was erected in 1921, the two old boilers were replaced by new ones purchased from Steel & Radiation Ltd., Montreal for $781 and installed by R. A. Butterworth of Granby for $172. In March 1929, an oil burner was installed on these boilers by Alonzo Lemieux of Granby at a cost of $900.

RADIO SUPERVISOR, PICTOU

Mr. DUFF:

1. Who is radio supervisor for the county of Pictou?
2. When was he appointed?
3. Who recommended him for the position?
4. What is his salary or compensation?
5. What are the duties and position of D. R. Sutherland of Pictou in connection with radio matters?
6. On whose recommendation was Mr. Sutherland employed?

Mr. DURANLEAU:

1. George Brownrigg.
2. 7th October, 1932.
3. The honourable member for Pictou.
4. Ten cents commission on each licence he was responsible for selling in Pictou county.
5. Vendor of radio receiving licences.
6. Mr. George Brownrigg.

QUESTIONS PASSED AS ORDERS FOR RETURNS

GLACE BAY HARBOUR BREAKWATER

Mr. DUFF:

1. What was the cost of the material supplied for erection of breakwater on south side of Glace Bay harbour in March, 1932?
2. Were tenders called for the supplying of that material?
3. What lumber dealer or dealers supplied the material, and at what price?
4. Did the contractor, the late Neil N. MacDonald have full authority to purchase material, or was it supplied by orders of the Department of Public Works, or was it supplied without consulting Mr. MacDonald?
5. What portion of the proposed breakwater was completed, and is a further extension proposed?

DREDGE, NEW WELLAND

Mr. GARDINER:

1. Who are the owners of the dredge, New Welland?
2. How long have they owned it?
3. What work has been done by this dredge, directly or indirectly for the government (a) before July 28, 1930; (b) after July 28, 1930?
4. What payments have been made for such work?
5. To whom were these payments made?
6. On what dates were these payments made?

J. P. PORTER & SONS—DREDGING

Mr. GARDINER:

1. What dredging work has J. P. Porter & Sons Limited done directly or indirectly for the government from April 1, 1928, to July 28, 1930?
2. What amounts have been paid for this work?
3. To whom were these payments made?
4. On what dates were these payments made?

MOTIONS FOR PAPERS

POINTE AU BARIL, ONT., MAIL SERVICE

Mr. HURTUBISE:

For a copy of all correspondence, letters, telegrams, petitions, reports and other documents in the possession of the government, respecting the mail service between Pointe au Baril, Ontario, and railway station, since 1930.

GARSON, ONT., POST OFFICE

Mr. HURTUBISE:

For a copy of all correspondence, letters, telegrams, petitions, reports and other documents in the possession of the government, respecting the post office of Garson, Ontario, since 1930.

ROYAL CANADIAN MOUNTED POLICE

Hon. HUGH GUTHRIE (Minister of Justice) moved that the house go into committee to-morrow to consider the following proposed resolution:

Resolved, that it is expedient to amend the Royal Canadian Mounted Police Act to provide that money paid by the provinces for services of the force may be utilized for its maintenance; and for the disposition of moneys earned by any member of the force over and above his regular salary, pay and allowances; and to authorize the governor in council to determine by regulation the amount of allowance for pension purposes; and to make further provision respecting the counting of service in South Africa by officers and constables for the purposes of pension.

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.

TRAWLER LICENCES

On the orders of the day:

Hon. J. L. RALSTON (Shelburne-Yarmouth): I should like to address a question to the Minister of Fisheries, as to whether or not any decision has been arrived at with regard to the refusal of licences to trawlers after the present licences expire. If any decision has been arrived at I should like to know what it is, and if not I should like to know when we may expect an announcement in this connection.

Hon. ALFRED DURANLEAU (Acting Minister of Fisheries): The matter is still under consideration, and a decision will be arrived at before the end of the month.

BUSINESS OF THE HOUSE

STATEMENT AS TO FURTHER LEGISLATION TO BE BROUGHT DOWN THIS SESSION

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): I promised the right hon. leader of the opposition (Mr. Mackenzie King) that I would advise him with respect to other business that might engage the attention of this house during this session. In addition to what I mentioned the other day, that is, the amendments to some existing statutes, there is only one measure, which I do not think it necessary to name at the moment, that may require the consideration of the house, but I do not think it will come up. As soon as I have definite information I will advise the house.

[Mr. Hurtubise.]

INQUIRY AS TO LENGTH OF EASTER ADJOURNMENT

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): The Prime Minister has just said a word with regard to the business of the house. Perhaps it is a little early to put a certain question to him, but I should like to ask him to have it in mind: A number of hon. members desire to know the plans of the government with regard to the Easter recess, and if these plans could be announced at an early date, it would, I think, meet the wishes of many hon. members of the house.

Right Hon. R. B. BENNETT (Prime Minister): The right hon. gentleman is quite correct in his suggestion that no definite conclusion has been arrived at with respect to this matter, but so far as it is possible to say at the moment I think we will adjourn over Friday and continue our proceedings as usual the following week.

Mr. MACKENZIE KING: On Tuesday?

Mr. BENNETT: I say this, of course, subject to any change that may be made, but I fancy it will be from Thursday evening until Tuesday afternoon. That is the intention at the present moment.

PRICE OF SUGAR

REPORTED INCREASE ON STOCK HELD BY WHOLESALERS AT RIVIERE DU LOUP

On the orders of the day:

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): I thank the Minister of Finance (Mr. Rhodes) for the statement he made a moment ago, and I should like to direct the attention of the government to the fact that on December 6 the price of sugar at Riviere du Loup was $4.85 per hundred pounds.

Mr. SPEAKER: I am afraid that is not a proper statement on the orders of the day. If the hon. member wishes to direct a question to the government he should do so.

Mr. POULIOT: That is what I am doing. Now the price has been raised to $7; there are several cars on the siding at Riviere du Loup, but no merchant can get sugar from the wholesale store which is owned by a profiteering company, which was well known during the war for the sale of still born calf sausage. I hope the government will take some action to see that sugar is sold to the stores of Riviere du Loup.

Some hon. MEMBERS: Order.

DOMINION NOTES ACT AMENDMENT

POWER TO SUSPEND PROVISION FOR REDEMPTION IN GOLD—DISCUSSION OF GOLD STANDARD

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 54, to amend the Dominion Notes Act.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, this bill is very brief; its purport is to give the governor in council power to suspend that section of the Dominion Notes Act which sets forth that dominion notes shall be redeemable in gold on presentation at branch offices established or at banks with which arrangements may be made for the redemption thereof.

I believe it is a fact that already the government has been exercising the power for which it is now asking. If that is the case the government must have had some authority for so doing, and if it had such authority presumably that authority was sufficient and is still sufficient. So under the circumstances I do not see why this measure need be introduced at all. I might add that the introduction of a measure of this kind, unless it is absolutely necessary, would seem to injure rather than aid the credit of the country. Perhaps the Minister of Finance (Mr. Rhodes) who has the matter in hand has good and sufficient reasons for further taking away from parliament its control over this all-important matter, together with the other matters that we have been considering of late. It would seem that the parliament that laid down the special conditions under which this power should be exercised took a safer and sounder view of the authority and wisdom of parliament in the matter than the minister is taking at the moment. However, the minister may have special reasons for asking that this authority should be given at this time, and if so the minister might give us the reasons before we are asked to vote on the second reading of the bill.

Mr. RHODES: Technically I exhausted my right to speak when I made this motion, although I did not speak at that time, due entirely to the belief which I perhaps mistakenly held that no exception could be taken to the principle of the bill, and that any questions that might arise could be dealt with more properly in committee of the whole. I have, however, no objection to saying a word or two. I have not any doubt that this bill legally follows the one which was passed last year and which prohibited the export of gold. It is really a companion bill and if it had been introduced at that period, I do not think any exception would have been taken to it. That it was not introduced at that time is due largely to the fact that the provision for redemption in gold was, in view of the fact that the gold could not be exported, an empty one.

I do not agree with my right hon. friend that by my bringing in this bill any question could be raised which would be prejudicial in any way to the credit of the country. It means merely that we recognize in the statute laws a situation which is virtually in effect. There can be no good object in an individual seeking to have notes redeemed in gold if he may not export the gold, and the measure is largely of advantage in preventing frivolous attempts to invoke the provisions of the statute as it at present exists. My right hon. friend is aware of the fact that under the Finance Act there is power to suspend the redemption of notes in gold, but the conditions there are so rigorous that the mere application of them would occasion a critical situation. The words used in the Finance Act are:

> In case of war, invasion, riot or insurrection, real or apprehended, and in case of any real or apprehended financial crisis.

Certain powers rest with the governor in council, amongst others being:

> (d) Suspend the redemption in gold of dominion notes.

In the case of this bill, that should apply under conditions far short of those which are provided in the Finance Act. We do not for a moment admit that there is any financial crisis or that one is apprehended, but at the same time, as a matter of proper conservation of our gold supplies for the country's purposes, we propose asking that this bill should be enacted and in doing so I may say that we are only doing in effect precisely what has been done in Great Britain and in the United States. I have under my hand if, when we are in committee, it should be desired, the exact wording of the statute so far as the United States is concerned and also so far as the law in England is concerned. This is a measure decidedly in the public interest and I do not think any reasonable objection can be taken to it. My right hon. friend has intimated that there seems to be a desire on the part of the government to take more power unto itself. Necessarily a provision of this kind should be elastic unless we are prepared to take the ground that for all time we shall do away with the redemption of dominion notes in gold. That perhaps is a debatable question, but it need not arise at this stage. Certainly, we are seeking no

more power in this bill than, as I have intimated, already exists in both the United States and Great Britain.

Mr. G. G. COOTE (Macleod): Mr. Speaker, I have no idea of objecting to the bill now before us which, I think, is long overdue, except to say that I believe the section which is intended to be amended, should be struck out altogether. I am informed there is today no country in the world where legal tender notes are redeemable in gold and I do not see why we should continue any longer to keep this section of the Dominion Notes Act on the statute books. While it is there, I am in favour of the amendment moved by the minister to the effect that the government should have power to suspend it. It has actually been suspended since September, 1931, and it was suspended perhaps two years before that time. I think it was Professor Curtis who said that the test of a gold standard is the foreign exchange rate and when a premium on foreign exchange as high as two per cent obtains in Canada, this is a clear indication to me that we are no longer redeeming our notes in gold. In September, 1931, Great Britain was forced to abandon the gold standard. The action taken in Great Britain at that time, and taken by act of parliament, I may say, was to relieve the Bank of England from liability to redeem their notes in gold. I might quote Mr. Snowden, Chancellor of the Exchequer, who said, in introducing the bill:

> This will not affect the free gold market in London. There will be no restrictions on the importation or exportation of gold and any gold sent to London for sale, for example from the South African mines, will like any other commodity fetch its market price whatever that may be.
>
> All that is changed is that the right under the subsection of the 1925 act to take from the Bank of England gold bars, is suspended. Finally and I only say this because of an unreasoning fear that appears to prevail abroad where we are under obligations to make payments in dollars or other foreign currencies, as for example some of the war bonds that were issued in New York, we shall of course continue to meet our obligations punctually in those currencies.

That was the action taken by Great Britain when she abandoned the gold standard. She suspended the redemption of notes in gold. She did not take the action now proposed by the Minister of Finance of giving the governor in council power to suspend redemption, but she did actually suspend it by law, and I think that is the action which should be taken in Canada at this time. This should have been done in September, 1931. At that time the government had power, under the Unemployment and Farm Relief Act, to pass an order in council suspending redemption in gold. That action was not taken, but so far as I can find out, the government have refused almost consistently to redeem on presentation dominion notes in gold. We have done extra legally that which we would not do legally. Although bound by law to redeem these notes in gold the receivers general have refused to do so. To make sure of that I applied on two different occasions to the Assistant Receiver General at Calgary for gold and I was refused. I was handed an application form. Such action could not by any stretch of the imagination be taken as compliance with the law and I think it is regrettable the government has waited eighteen months to do this thing legally. The government, however, should go further and suspend that section of the act. We have no intention of redeeming notes in gold; it is impossible to do so and no country in the world is doing so. In fact, dominion notes should not be convertible at all, because when the public or any large section of it desires to make our notes convertible, they become inconvertible. Every existing currency becomes inconvertible when any large section of the public attempts to convert it, so why continue to pretend that our currency is convertible. There is only a small amount of legal tender in the country compared with the total deposits in the banks. The situation is sound while the people have confidence, but as Lord Melchett said in a recent book Modern Money: "Confidence is suspicion asleep," and whenever confidence is shaken, suspicion wakes up and the bankers always get suspicious first. They curtail our credit and they bring about the very terrible depressions one of which we are now experiencing.

I did not intend to say very much about this measure until it got into committee, but I might quote Sir Basil Blackett who, when speaking at a meeting of the members of the Royal Institute of International Affairs at London in 1931, on the international gold standard, on this very question of convertibility into gold said:

> The question, why do banks keep gold? can be answered, I think, frivolously, in several ways. I think the first and perhaps the most important answer is because other central banks keep gold. Perhaps another answer would be because the banks think that people think they ought to keep gold, or even because the banks think that people think and the banks think they ought to keep gold. Possibly another answer would be because the central banks are not clever enough to manage any system other than the gold standard, or they are not clever enough to persuade people to think they are clever enough to manage any such system.

He says further:

The amount of gold that is required ought not to have any direct relation to the amount of currency that is out.

Gold is only used, he points out, not for the purpose of converting internal currencies, but to meet exchange balances with foreign countries. He says further:

The amount of gold that a central bank requires, if we could persuade public opinion to see the truth, is the amount that will make it perfectly safe for meeting an external balance of payments against it at any given moment. That ought to be the sole purpose in a peaceful world for which a gold reserve is kept,—to meet an external balance of payments that is against that country.

In the last paragraph he says:

The main purpose I had in rising to-night was to say that I believe the first and foremost principle that we ought to get driven home, and on which we ought to concentrate, is the truth that no currency note in the world is convertible, and that no sensible central bank ought to regard it as such.

Sir Basil Blackett, I think, is one of the best-informed men in regard to monetary matters in the whole British Empire. He is a director of the Bank of England. He says:

No currency note in the world is convertible and no sensible central bank ought to regard it as such.

If no sensible bank ought to regard it as such, why should a sensible country regard its currency as convertible? The reason it is not convertible is I think pretty well known, but perhaps a quotation from Doctor W. H. Coates might help to exemplify that point.

There are probably twenty thousand millions' worth of transactions carried on in Great Britain each year on a base of one hundred and fifty millions of gold. That fact gives some measure of the credit structure the whole world uses. The central banks determine how much credit there is to be. They look in a cupboard to see how much yellow metal they have got! They might as well look to see how much coal they have. Gold should be put in its proper place.

While I am on my feet I should like to quote a paragraph from the report issued by a joint committee of the Federation of British Industries and the British Economic Union last year:

Make it clear we are not in disagreement with the view of the Macmillan committee referred to below that in a stable and financially highly developed community neither gold nor any other metallic backing is required to support an internal note issue and that a metallic reserve is needed for no other purpose than to meet a foreign drain and provide an international standard of value.

I would suggest that as our dominion notes are used only for internal purposes we should strike out altogether the subsection referred to in this bill so that the amount of legal tender which we might have in Canada is not dependent on the amount of gold which we have in a cupboard over in the east block. I know that some people think that this would make it more difficult for us to meet our obligations in New York, but so far as this house is concerned I do not think there are very many members who any longer put much stock in that theory. I know that on February 29 of last year the Prime Minister said:

Now, if I ship down to New York nineteen one million dollar Canadian bills, would that pay the debt? Obviously it would not. Because those nineteen one million dollar bills could not be converted into nineteen million dollars of gold, there being no free market in respect to it. That was the position. It put upon us the tremendous obligation of making the necessary arrangements to carry over.

I think the Prime Minister was indulging in a little flight of fancy there because I do not think there are any one million dollar notes issued; if there are I hope the minister will correct me. But we can take it from the Prime Minister's own words that we do not meet our obligations in New York with our dominion notes, and therefore the question whether we have gold behind our dominion notes or not, or whether we are willing to convert dominion notes into gold, does not affect our ability to meet our obligations in New York. I wish we could dispose once for all of that fallacy which is in the minds of some of the people of this country, but which I hope by this time has disappeared from the minds of the members of this house. If it has not, I hope that when we are in committee this afternoon the minister will assure us that this change in the act would not in any way interfere with meeting our obligations in foreign countries.

Mr. MARCIL: Would the minister explain whether a bank can be called upon to give up its gold for its bills?

Hon. E. N. RHODES (Minister of Finance): If my hon. friend from Bonaventure (Mr. Marcil) will not think me discourteous, I shall be very glad to attempt to answer any questions when we are in committee. My hon. friend from Macleod (Mr. Coote) was strictly in order in his discussion, but he raised the whole question of the gold standard which I submit is one which does not of necessity have to be dealt with in connection with this bill, and therefore I hope he will not think me discourteous if I do not follow the general lines of his discussion. I rise merely for the purpose of correcting a mis-

apprehension under which my hon. friend is labouring. If I understood him correctly I understood him to say that in England they had eliminated from their law the provision for the redemption of notes in gold. But if my hon. friend will refer to the Gold Standard (Amendment) Act, 1931, chapter 46 of the statutes of Great Britain for 1930-31, he will find that section 1 provides as follows:

> Unless and until His Majesty by proclamation otherwise directs, subsection (2) of section one of the Gold Standard Act, 1925, shall cease to have effect, notwithstanding that subsection (1) of the said section remains in force.

Put in layman's language that simply means that the governor in council may by proclamation restore the provision for the redemption of notes in gold. The provision that we are seeking by an amendment to our act is that if the occasion should arise when we wish to revert to the previous position, it will be competent for us to do so by order in council.

Just one more word which I might have said in answer to my right hon. friend the leader of the opposition (Mr. Mackenzie King) with respect to the governor in council taking authority by statute for such a course. I might point out that it is the logical step to take in view of the fact that the act respecting the export of gold which we passed at the last session contains this paragraph:

> The governor in council may prohibit, from time to time and for any period or periods, the export of gold, whether in the form of coin or bullion,—

And so on. Parliament in its wisdom granted that authority to the governor in council. It follows, I think, as a logical consequence that in respect of the redemption of notes in gold the same course should be pursued; otherwise we should find ourselves in an impasse.

I have nothing more to say, Mr. Speaker, because as I intimated when I first rose, my sole object in speaking was to reply to the one phase of the matter, namely the point raised by the hon. member for Macleod.

Motion agreed to, bill read the second time and the house went into committee thereon. Mr. Cowan (Port Arthur) in the chair.

On section 1—Redemption in gold.

Mr. RHODES: Would the hon. member for Bonaventure be good enough to repeat his question; I did not hear it.

Mr. MARCIL: What rule applies to the banks, as to whether they are required to redeem their bills in gold or by legal tender?

Mr. RHODES: By legal tender.

[Mr. Rhodes.]

Mr. COOTE: Since September, 1931, I take it for granted that the department has been refusing, on most occasions at any rate, to pay out gold for dominion notes. I should like to ask the minister to tell us, if he will, what steps have been taken at different times since September, 1931—using the language of the department—to preserve our gold supply. What orders have been issued to the Receiver General?

Mr. RHODES: The licences for export, in the great majority of cases and involving the preponderant amount of gold, have been issued only in those cases where gold has been exported for the purpose of meeting our payments abroad. Individual instances have been few in number, and the amount of gold involved has been comparatively trifling. In the main those individual licences have been granted in the case of certain types of jewellers' and dentists' sweepings which were of such a complex character and mixed with other valuable metals to such an extent that there was not any provision in Canada for their being properly refined. Consequently, in the main, they have been exported to the United States where there are refining facilities.

Mr. COOTE: My question is this: How many applications for gold have been received by the department? At least, have not applications been received by the department which were refused?

Mr. RHODES: Mr. Chairman, I should not like to answer that question either by direct negative or affirmative. But I shall answer it by giving a concrete illustration. A request, which came before me for review, was made to the department by a corporation which wanted to present legal tender and receive a substantial amount of gold. The intimation which came in the letter was to the effect that they wanted to export it to pay their bondholders in foreign countries. It was pointed out by the department that if the redemption had taken place it would be of no value to the recipient for the reason that they could not export their gold, except under licence, and that under those conditions a licence would not be granted. The effect of the answer was that while the application was not withdrawn, no action was taken. I hope the illustration I have given will serve as an index. I do not believe we could go so far as to say that the department has refused to redeem notes in gold. It always has been at pains to point out the circumstance that the redemption would be of no value inasmuch as the gold would not be exported.

Mr. EULER: Would you have refused, if permission had been asked?

Mr. RHODES: I say to my hon. friend from North Waterloo that the department has endeavoured jealously to guard our gold supply.

Mr. STEWART (Edmonton): I had intended to ask the minister a similar question. If that is the case, the department were refusing not on the ground that they refused to redeem in gold, but on the ground that they would not allow export. So it is not a fact that during the period of suspension of export they have actually been refusing to redeem their notes in gold.

Mr. RHODES: That has been largely the effect, Mr. Chairman. Of course, the committee will readily understand that if there were not an embargo on the export of gold, and were it not for the fact that it could only be exported under licence, our gold supply in Canada would not last one day; there would not be a dollar left.

Mr. STEWART (Edmonton): But we are not discussing that point. The point I wish to get clear is this: During the period of suspension of export were the government refusing to redeem their notes in gold? I understand the desirability of prohibiting export, and having the government control the gold supply. On the other hand, the government have a contract with the holders of the notes. And whether or not export would be allowed does not appear to me to be an important factor. The point is: Did the department refuse to redeem notes in gold, according to contract set out in the Finance Act?

Mr. RHODES: As I said to the hon. member for Macleod, I should not like to answer the question categorically. I know that in one instance not long ago we redeemed notes to the extent of some $5,000, but the circumstances were regarded as rather unique. Even if we did not refuse, the operation of the Gold Export Act is sufficient to render nugatory the provisions of the statute for the redemption in gold, because it would be of no use to the individual to carry gold if he could not export it.

Mr. YOUNG: Could he not sell it at the market value?

Mr. RHODES: Not in the form of coin.

Mr. EULER: Ordinarily I would judge that people do not demand gold. Ordinarily if they have federal currency or bank currency they never question it, and would not demand gold. But I was going to ask the minister—perhaps he does not desire to answer the question—whether, due to recent difficulties in United States banking operations, people in Canada holding federal currency did not feel quite so certain that our currency, that is, bills, bank notes or federal notes, were absolutely reliable and had any value? They might think that gold would be a much safer commodity to hold. I was wondering whether at that time applications had been made to the Department of Finance to pay in gold or to redeem in gold some of the federal notes?

Mr. RHODES: I am very happy indeed to answer the question of the hon. member. As a matter of fact I am glad he has asked it, because in the answer will be found a tribute not only to the sanity of Canadian people but to their absolute belief in the stability of conditions in Canada. I am happy to answer that I came across no evidence of any kind indicating the slightest change of attitude on the part of any indivdual or company arising out of or even coincident with the situation which developed in the United States. I am speaking from memory, but I think with accuracy, when I say I do not recall a single request for the redemption of notes in gold during that period.

Mr. MALCOLM: Can the minister inform us if his gold reserve represents one-fiftieth of an ounce of gold for every dollar of dominion currency in circulation?

Mr. RHODES: The figure I have in mind —I am not speaking from the record—is that we have the full gold cover. With respect to our total issue we have that figure which is generally regarded as adequate, namely, about forty per cent.

Mr. EULER: In connection with the gold reserve, I understand that, under our act, for the first $50,000,000 of federal currency there must be twenty-five per cent gold backing; and above that, dollar for dollar in gold. I would like to ask the minister upon what principle that percentage is fixed. Is it purely arbitrary? Why, for example, is it twenty-five per cent up to $50,000,000; why is it not twenty per cent, or thirty per cent, or some other percentage? And why at the $50,000,000 point does the requirement become dollar for dollar? These are questions which a great many people are asking. I have wondered about them myself; perhaps the minister could give us a little lecture on monetary economics.

Mr. RHODES: The minister admits in all humility that neither as an individual nor

as a minister does he feel capable of giving a homily upon the gold standard. I can only say to my hon. friend and to the committee that that provision has remained in the statute for many years, presumably because it crystallizes in the form of legislation the best judgment of the best brains of the country as to what cover there ought to be for our note issue. I am the first to admit that it may be a debatable question. It may be subject to variation. I think that subject may be one which could with advantage be considered by the royal commission on banking, and no doubt will be. But the answer I have given, which I admit is perhaps inadequate, is the best answer I can give in the circumstances.

Mr. EULER: Then supposing the government decided to issue federal currency beyond what is allowed under that provision, it would be called inflation?

Mr. BENNETT: It could not validly be issued.

Mr. EULER: I would like to ask whether the basis of our currency, that is the percentage of gold reserve, is in accord with the basis in other countries, Great Britain, for example, or the United States?

Mr. RHODES: Our total issue to-day in its relation to gold is, I understand, in proper orthodox proportion according to the opinion of bankers and economists.

Mr. STEWART (Edmonton): That is as far as the federal issue is concerned?

Mr. RHODES: Yes.

Mr. MALCOLM: The minister referred to the gold coverage which is considered orthodox as being forty per cent of the note issue. In other words with gold at $20 an ounce, forty per cent coverage would mean one-fiftieth of an ounce of gold for every federal dollar issued. It is said that if we got away from that orthodox ratio it would disturb our foreign exchange. In other words, if Canada issued a dollar for every one-hundredth of an ounce of gold in reserve it would injure our foreign credit? Can the minister explain why, if we are not to redeem our notes in gold. We have not enough gold in the treasury to redeem more than forty per cent, and it is purely an internal matter as to how much currency we issue, that should have any bearing at all upon our foreign credit, so long as we agree to redeem our foreign held securities in gold?

Mr. RHODES: Mr. Chairman, I should find that a very difficult question to answer. I have no doubt that the value attributed to our dollar by foreign countries may be governed by various factors. But I am quite certain that one of the first things they would look at, apart from their faith in the credit and integrity of Canada, would be our set-up with respect to gold coverage.

Mr. MALCOLM: That is admitted. But I submit that 75 per cent of the thinking people of Canada to-day are asking the question why our position respecting our foreign obligations, which we certainly agreed to pay in gold and which we intend to honour, should be injured by any internal arrangements as to the percentage of currency we issue to meet our domestic needs. That is the point on which I wish the minister would give the house some light. I see no connection, providing we are willing to recognize our foreign obligations in gold.

Mr. RHODES: That may be so.

Mr. EULER: I may be exposing my ignorance but I am willing to do so if I can get an answer to this question, which I think is in the minds of a great many other people. Say, for example, that we are up to the full coverage with our present gold reserve; we have issued as much federal currency as we may under the present regulation, but the government decides to issue, say, an additional $100,000,000; that would be called inflation. I daresay our exchange with the United States would immediately suffer.

Mr. COOTE: It might improve.

Mr. EULER: But suppose, instead of issuing more currency, the government decided to issue short term treasury notes, or even bonds, which would have the disadvantage of calling for the payment of interest, I suppose that would not be called inflation. I would like to know why it is not inflation in the one case and is in the other, because they are both obligations of the government.

Mr. RHODES: Mr. Chairman, my hon. friend from North Waterloo (Mr. Euler) realizes that he is putting a purely hypothetical case when he speaks of our issuing $100,000,000 new currency.

Mr. EULER: You might choose to do it.

Mr. RHODES: Not without coming to parliament and getting the necessary authority.

Mr. EULER: We are in parliament now.

Mr. RHODES: At the moment we are absolutely restricted and limited as to the method of issuing currency. If I understand the remaining portion of the question, to the

extent that a country over-extends itself in the matter of credit, to that extent it is inflation, if you choose to call it so. If a country borrows more than it can pay it is getting itself into the same position as a country which does unduly inflate, there is no doubt about that.

Mr. EULER: I do not desire to embarrass the minister, but the point I am getting at is, why call the one inflation and not the other, when they are both obligations to pay? In the one case you issue currency, promises to pay by the government of Canada; in the other case you might issue short term treasury notes, which are also promises to pay. They are both obligations of the people of Canada; why is one inflation and the other not? Having issued bonds to the extent of $2,000,000,000 and more, if we issued another $1,000,000,000, and were able to sell the bonds, would that be inflation? If not, when would it become inflation?

Mr. RHODES: Mr. Chairman, I do not know that any good purpose can be served by following this discussion—

Mr. EULER: A lot of people would like to know.

Mr. RHODES: —even if I felt competent to pursue it with any degree of authority. For the purpose of this measure I am prepared to admit at once that my hon. friend may be quite right, but with all deference I submit it has no bearing.

Mr. MALCOLM: I quite agree with the minister that it has no direct bearing on the question whether or not the government is to be given authority to refuse to redeem our currency in gold. At the same time may I point out that there are in this house a great many members who are trying to remove the stage setting surrounding the whole monetary system and get at the naked truth of what it all means. Our currency is simply a promise to pay by the government, without interest, and it is not backed by gold to the extent of one hundred per cent but only to the extent of forty per cent, or one-fiftieth of an ounce per dollar in circulation. If a show-down were called for, we would get one-fiftieth of an ounce of gold for every Canadian dollar. And I quite agree that that is the orthodox ratio. As my hon. friend from North Waterloo puts it, the government could issue another $500,000,000 or $1,000,000,000 of securities if they could be marketed and New York would not consider that Canada had inflated, although the securities would cost the Canadian taxpayers millions of dollars a month in interest, and eventually would have to be redeemed as to principal in gold; whereas, if Canada wished to do some constructive work in the dominion, and the minister, under the Finance Act, issued currency on which he did not have to collect interest from the taxpayers, and which by statutory enactment he could redeem over a period of years, why that action should be considered inflation and our dollar should be discounted further in New York is a question which is worrying many hon. members here.

Now this bill provides that we give the government power to suspend the redemption of notes in gold. If the government does that, then our currency has nothing behind it except the promise to pay—the promise to pay in what? In another bill which likewise has no metal behind it. As my hon. friend from North Waterloo has said, a dollar bill is a promise to pay without interest while a bond is a promise to pay with interest; and so far as these bonds are redeemable in New York we must pay them in gold.

The minister is faced with the problem of taking out of business the taxes he needs; he has no other way of getting it. He has no resources which he can sell, because the resources of the dominion belong to the provinces. Every promise to pay which he has issued in New York or in Canada is predicated upon the ability of the business men of the country to pay taxes to him in the future. He can assess by business profits tax, by excise, by customs, by income tax and by sales tax, and these five cover practically the whole field of his taxation. Federal revenues depend on the success of business and must come from business in some form or other.

Suppose the minister wishes to construct a federal building to-morrow. It is perfectly legitimate and will not interfere with the standing of our credit in New York if he issues bonds and sells them. Supposing he puts up a $6,000,000 building this year and issues $6,000,000 worth of bonds at five per cent. He will need $600,000 a year of the taxpayers' money for twenty years to pay for the building.

An hon. MEMBER: $300,000.

Mr. MALCOLM: No, $600,000. He will spend $300,000 for principal and $300,000 for interest for twenty years. In other words, he must load Canadian business with $12,000,000 worth of taxes in the next twenty years to pay for the building. If he issued $6,000,000 worth of treasury notes redeemable through taxation by statutory enactment—I am not advocating inflation, far from it; nor am I advocating fiat money—if he issued $6,000,000 worth of treasury notes, and by statutory

enactment redeemed them at the rate of ten per cent per annum, he would have the notes redeemed and out of circulation in ten years and the taxpayers would pay $6,000,000 instead of $12,000,000. If the minister suspends gold, as called for in the act, the dollar bill has nothing behind it except the promise to take from the taxpayers that amount of money. Why should the issuance of $6,000,000 of treasury notes to erect a federal building, which would save the taxpayers another $6,000,000, be considered inflation? It is a purely internal matter in no way relating to the minister's promise to pay any foreign obligation in gold. Yet the hon. gentleman fears that the moment he withdraws the provision with respect to the redemption of notes in gold we shall have inflation and our dollar will sink further in value in New York. I wish he would explain this to the house. Hon. friends to my left, most members on this side of the house and some hon. members opposite, are wondering why, when only one-fiftieth of an ounce of gold is held for every dollar—and by this legislation the minister proposes to remove even that guarantee—it should not be possible for us to treat our own currency as good, based on our faith in our dominion, and proceed to use our currency for the upbuilding of Canada and for the relief of the taxpayers.

Mr. BENNETT: I do not propose to enter into an elaborate discussion this afternoon of the matters raised by the hon. gentleman (Mr. Malcolm). His remarks will certainly be received with favour in some quarters, but not in any quarter where men have regard for obligations or a desire to conduct the business of the country on a sound basis.

Mr. MALCOLM: The Prime Minister will appreciate the fact that my remarks were in the form of a question and not of an opinion.

Mr. BENNETT: The last part of the hon. gentleman's remarks expressed an opinion.

Mr. MALCOLM: I asked why.

Mr. McINTOSH: He wants information. Give it to him.

Mr. POULIOT: Put a question mark.

Mr. BENNETT: The impertinence of the hon. member for North Battleford (Mr. McIntosh) is again in evidence—

Mr. McINTOSH: No worse than yours.

Mr. BENNETT: —but it is so commonplace that it is now regarded as one of the attributes of debate.

[Mr. Malcolm.]

Mr. McINTOSH: With you starting it.

Mr. BENNETT: If my hon. friend will look at page 2161 of the Canada Gazette he will find that we already have outstanding $67,000,000 that has behind it no metal coverage. It is not a new thing that there should be currency issued without metal coverage in this country. This is the state of the finances of the country on March 13, 1933:

Dominion Note Circulation and Gold Holdings	
Provincial	$ 27,591 83
Fractional	1,281,175 86
$1	17,797,116 00
$2	12,300,136 50
$4	30,803 00
$5	5,035,130 00
$50	650 00
$500	2,491,500 00
$1,000	6,506,000 00
Legal tender notes for banks—	
$1,000	1,000 00
$5,000	8,430,000 00
$50,000	121,800,000 00
	$175,701,103 19

That makes a total outstanding of $175,701,103.19 of promises to pay, on demand, by the Dominion of Canada, as indicated in each case on the face of the bill itself.

Mr. MALCOLM: Will the Prime Minister segregate the amount that is used purely as treasury notes from the amount used as circulating currency?

Mr. BENNETT: I shall come to that.

Statutory Authority for Issue	
Chapter 4, 1915	$ 26,000,000 00
Finance Act, r.s. 1927, c. 70	41,944,000 00
Dominion Notes Act, r.s. 1927, c. 41	107,757,103 19
	$175,701,103 19

Under our Currency Act the banks are called upon to hold in legal tender a certain proportion of their liquid assets. The exact figure I have not in mind at the moment—

Mr. SPENCER: Forty per cent.

Mr. BENNETT: I thought it was fifty, but my hon. friend says it is forty. That is included in the items to which I have already referred:

Gold held by the Minister of Finance—	
Against savings bank deposits (10 per cent on $22,335,022.24) under the Savings Bank Act.	$ 2,233,502 22
Against notes as required by Dominion Notes Act, r.s. 1927.	70,257,103 19
In excess of statutory requirements	91,222 41
	$72,581,827 82

The $70,257,103.19 is made up as follows: First, $50,000,000 at twenty-five cents on the dollar; that is $12,500,000. Then the $50,000,000 deducted from the total outstanding, exclusive of the special sums authorized by statute, leaves a balance of $57,757,103.19 for which there is put up dollar for dollar. This gives a total of $70,257,103.19 which is covered by gold. But there is no gold deposited for the purpose of securing the $68,000,000, in round figures, issued under conditions exactly similar to those mentioned by the hon. member for North Bruce (Mr. Malcolm) though not for the purpose he indicated. That money in part went to pay loans and advances to the railway companies during the war and in part to the banks under the Finance Act and has no metal coverage. Therefore, so far as this country is concerned, there is now outstanding some $68,000,000 of money that has behind it no metal coverage at all, nothing but the promise to pay of this country. That has been so since the days of the war, and that was one of the factors that had to do with some of the difficulties experienced by this country in the depreciation of its dollar in foreign markets, to which I shall presently refer.

If any of the hon. members of this house are interested in reading the story of gold they will find it in the library in a book published about twelve years ago. I am not going into that question except to say that, gold being the rarest and most valuable metal for its weight and volume, by universal consent has become the yardstick by which to measure the issue of paper money. Without going into details I think that is a fair statement. Practice and custom have determined just how much gold should be held to meet the situation. Roughly speaking, as the hon. member said a moment ago, forty per cent is regarded as a reasonable coverage for the issue of paper money. All paper money issued, as will be observed by looking at the paper itself, says that the Dominion of Canada promises to pay to the bearer on demand the face value of the bill. We will take a hundred dollar bill; the promise is that on presentation of the bill at a particular point the country will provide $100 in gold. The practice of the banking world has established beyond question that if we had the normal movement of trade and exchange there would be no difficulty in meeting every demand that might be made upon the central authority for gold. That is the reason the coverage is not dollar for dollar. If money is circulating and revolving in the hands of traders and discharging its normal and proper functions there is no inclination on the part of the traders to ask for gold except for specific purposes, such as for use in the arts, or where tenders must be made, or where international obligations must be met under terms of contract that compel the production of gold either in bullion or in coin to discharge the obligations. Forty per cent is regarded as a reasonable ratio of metal coverage for the paper money issued, and it is believed that if normal conditions prevailed this process could be kept going interminably.

The very essence of the value of the promise on the bill that the dominion will pay on demand is convertibility into something that has a known international value. If that thought is once in our minds I think we will have no difficulty in following what I desire to say during the balance of this short statement. Convertibility into what? Into gold, because gold is a medium of international exchange that can be relied upon as a universal and fixed standard in every country of the world. That is what is meant by the fact that all countries have had what in theory we call the gold standard, because it is the standard that thus far has been fixed by mankind for universal values between nations. Convertibility, therefore, has become the essence of the issue of paper money, and convertibility means convertibility into something available to meet international charges or obligations however they may arise, whether in the form of contracts by the nation itself or in the form of trade balances that may arise by reason of an excess of purchases over sales.

I forget how long ago this was started, because I have not looked into the matter carefully for some time, but we gradually provided that our metal coverage should be what it now is, namely par over $50,000,000, and that amount of $50,000,000 was an arbitrary figure. The hon. member for West Edmonton asked whether that was so. It was not always $50,000,000; that figure was fixed by parliament, and it was felt that having regard to the practice of banking and the call for conversion that figure would meet any demand that might be made on the basis of convertibility, and of twenty-five cents on the dollar to convert. It might have been, and at one time it was, a smaller figure, but with the expansion of the country, the undesirability of men carrying gold instead of bills, the undesirability and practice of keeping gold in safes instead of bills, and what you might call convenience in business, it was felt that the figure might be fixed at $50,000,000, and that twenty-five cents on the dollar in gold up to that figure would meet what you might call the reasonable demands of trade and commerce.

Mr. MALCOLM: Would the Prime Minister state whether or not it had an adverse effect upon our exchange at that time?

Mr. BENNETT: I was going to say that this was a gradual change. I dare say my hon. friend from Battle River (Mr. Spencer), who has been giving a good deal of attention to this question, could trace that change better than I could. There came a time when, having fixed $50,000,000 as the maximum for which a coverage of twenty-five per cent, which is a very low coverage, should be provided, the question was asked, what about more if it is required? We did what the great banks of the world have done since time immemorial; we decided by statute that there should be a gold dollar behind every paper dollar issued in excess of that amount; that is, that every paper bill should have behind it full coverage for its face value.

That is the history of the currency issue, but during the war we were confronted with difficulties and the government of that day, with the aid of the War Measures Act and subsequently by statute, issued $26,000,000 of paper in payment of obligations, just as my hon. friend mentioned, for which there was no coverage at all, and for which there is no coverage now. In that regard let me direct the attention of the committee to the fact that in the post office savings bank the coverage required is only ten per cent. Why do we require only ten per cent for a savings bank and either twenty-five per cent or full coverage in our ordinary currency? The reason is that one is a savings bank and the other is not. In the one case notice is required and time is given thereby in order to provide whatever money may be necessary for the purpose of meeting the obligations. That is the real reason why it is ten per cent in the one case and twenty-five per cent and one hundred per cent in the other case.

Of course I can only speak from the inferences that others have drawn, because obviously I am not an authority or an economist, but the right hon. leader of the opposition will remember that his old preceptor, in his book on tariffs, said that it is very difficult for anyone to say that a given result followed from a given cause when dealing with tariffs. He says that you can say inferentially that this is so, but that it is very difficult to prove it.

Mr. YOUNG: We have the proof now.

Mr. BENNETT: Well, there are differences of opinion as to that. But with respect to the $26,000,000 of paper money issued by this country, naturally I have inquired, as I fancy other hon. members of this committee have inquired, as to what has been the general effect of that action. I am informed that this at once had an injurious effect upon our credit, but that owing to war conditions the full force of it was not felt, though it was a substantial factor, as I shall presently show, in fixing exchange values for our money. I give that obviously not as an opinion of my own that has any value, but from information I have ascertained from sources to which one looks for real information with respect to a matter of that kind. Therefore all these years our currency is inflated by $26,000,000 under the authority of the statute of 1915. Every fall, during the grain crop movement, we have inflated our currency.

Mr. MALCOLM: The 40 per cent coverage does not cover that amount.

Mr. BENNETT: No; I tried to make it clear that the $67,000,000 paper money is not covered by gold deposits. During the fall we have sometimes, under the provisions of the Finance Act, issued money to the extent, if my memory serves me correctly, of upwards of $100,000,000. What did that mean? It meant merely that under the provisions of our statute by which the Dominion of Canada becomes a central bank, the banks of the country, by depositing with the Minister of Finance or with his agencies in the cities in which agencies are maintained, bonds, usually of the dominion, or securities to which a fixed value has been attached by order in council, were lent by the dominion in paper, promises to pay of the dominion, sufficient money to enable them to meet the situation. The movement of this money in normal times never suggested any demand for conversion into gold, but in the narrow sense of the term it was inflation; in the wide sense of the term it was fiduciary currency issued upon the security of the securities held by the banks, namely, bonds or whatever they might be. Commercial paper might be and is permissible.

There is a conflict of opinion among bankers in this and other countries and individuals as to the value of a central bank as distinguished from the Finance department for the purpose of making such an arrangement. The arrangement, whether it be by a finance department or a central bank, is the same, that by deposits with the central authority, whether it be a central bank or the dominion, of certain approved securities, the central reserve authority, or the nation, as the case may be, issues its notes which at once go into circulation for the purpose of discharging the real function of money. That is the story prior to this moment.

Mr. COOTE: In most cases is the security which the banks give to the government not the government's own bonds?

Mr. BENNETT: If the hon. member for Macleod was following me, I said the bonds of the country or of the provinces, sometimes municipal bonds and sometimes commercial paper. There is a regulation which, of course, is embodied in an order in council, whereby fixed values for the purposes of advances are established upon these securities. For instance, securities of the dominion are fixed at, let us say, ninety-five; those of the provinces, say at ninety-two; other securities at ninety, and so on. These are the determining values upon which the appropriate advances are made by the central bank or by the nation in this case under the Finance Act. My colleague, the Minister of Finance, directs my attention to section 5 of part II of the Finance Act which provides:

> At any time when there is no proclamation in force under the authority of paragraph (a) of section 4 of this act, the minister may make advances to the chartered banks and to the savings banks to which the Quebec Savings Banks Act applies by the issue of dominion notes upon the pledge of the securities hereinafter mentioned:—
>
> (a) treasury bills, bonds, debentures or stocks of the Dominion of Canada, Great Britain, any province of Canada, and of any British possession;
>
> (b) public securities of the government of the United States?
>
> (c) Canadian municipal securities;
>
> (d) promissory notes and bills of exchange secured by documentary title to wheat, oats, rye, barley, corn, buckwheat, flax or other commodity;
>
> (e) promissory notes and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes and which have been used or are to be used for such purposes.

Mr. WOODSWORTH: Is there any limit to the amount that may be so issued?

Mr. BENNETT: Section 6 reads:

> Such securities shall be deposited with the minister or with an assistant receiver general; and the minister may request the trustees of the central gold reserves to make a valuation of and recommendation as to the amount which in the judgment of the trustees may properly be advanced on any securities offered in pledge under this part.

That I think is the answer.

Mr. WOODSWORTH: No limit?

Mr. POULIOT: Not exceeding 15 per cent.

Mr. BENNETT: That is not the matter with which the hon. member is dealing. The test, of course, is the value of the securities deposited and there is provision that the valuation may be made by an independent source.

Mr. WOODSWORTH: Would the Prime Minister say who the trustees are?

Mr. BENNETT: I am not at the moment in a position to say who they are, but I think one of them is the Deputy Minister of Finance, and if my memory serves me aright, there are three or four of them. I do not carry their names in my head, but I shall ascertain so that the hon. member may have his question answered. I am not now as familiar with their names as I was a couple of years ago, but the Deputy Minister of Finance is one and I am not sure, but my memory is that there is some officer connected with the banks and other officers whose judgment is supposed to be independent with respect to valuations. The valuation is established by order in council issued in the first instance on a recommendation from the treasury board. The real contest in this country between individuals as to whether or not we should have a central bank is predicated entirely upon whether the machinery that is now provided by which the nation itself becomes a central issuing authority, is equal to every demand that may be made upon it, or as might be provided by a central bank, such as that set up, for instance, by the United States under their Federal Reserve Act. In that act you have the various twelve divisions in which there are central reserve banks and those banks have power to issue national reserve bills which all of us have seen, instead of those we issue, namely the promise of the nation itself to pay. Under our central bank authority the Dominion of Canada issues its bills to the banks that deposit with it their securities pledged for the support of the advances thus made. Under the other authority you have your securities pledged or lodged with the central reserve bank in Cleveland or New York or Chicago or Minneapolis, and against that the governing authority issues the bills of the central reserve bank. Up to that point the distinction, and difference, if I might say so, are merely this: that in the one instance the question is whether a purely political body, namely, the government of the country, which is purely a political body, should have a control of the central bank or whether such a bank should be divorced entirely from what one might call political control and be placed in the hands of what, after all, are officers named and appointed by the government itself, for the governor of the central reserve bank is in the last analysis a political appointee; he is appointed by the president and his appointment confirmed by the Senate. Therefore, in a broad and general sense he is selected by the dominant political party.

In England the governor of the Bank of England is elected by the court of directors; the court of directors is elected by the shareholders and the shareholders are anybody who may desire to purchase shares of the Bank of England on the open market. But the relationship between the Bank of England and the treasury are so close by reason of the operation of statutes, some of which are hundreds of years old, there has grown up a practice, that you might almost say that the Bank of England is always close to the government of the day. Its operations are, if not controlled by, usually in conformity with the general views entertained and maintained by the government of the day. It will be recalled that Viscount Snowden, who was Chancellor of the Exchequer when the Bank of England went off the gold standard in 1931, indicated that payments should continue on Saturday until closing time at noon or one o'clock, although it was clear that the bank was unable to meet all demands on Friday afternoon. It was felt that that would give a breathing space before Monday morning in which to deal with the situation. It will be within the memory of this house that the Bank of England statute to which my hon. friend from Macleod (Mr. Coote) referred went further than I think at the moment he indicated, because it indemnified the Bank of England for the illegal action taken during that period. The reason was obvious.

The question put by my hon. friend from North Bruce (Mr. Malcolm) is the question that will always be put as long as you have a system which is based upon universal experience and practice. Why is it that we ever had any idea of maintaining gold coverage at all? I endeavoured to say that the reason was that the creditor always decides how his debt is to be paid, and when he says that his debt is to be paid in gold, you have to pay it in gold or you do not meet his terms, which means that you do not do business with him, or if you do not pay the debt, you default. The creditor has the right to determine how his debtor shall discharge his obligation, it being the duty of the debtor, our courts have said, to seek out his creditor and discharge his obligation.

If you do not have a universal standard of value, some one commodity that is worth one hundred cents on the dollar in China and worth one hundred cents on the dollar in Australia, unless it is worth one hundred per cent in every part of the world in terms of the currency of that particular part of the world, it is not a medium of universal value. Now gold has been selected for that purpose.

[Mr. Bennett.]

Mr. COOTE: Might I ask the Prime Minister if he is now speaking of international creditors or internal creditors?

Mr. BENNETT: I am just starting to deal with the international side of it to show its relation to the internal side.

That being so, it follows—this is the experience of the commercial world at any rate—that if within a country you have no such common standard, no such universal measuring yardstick, you are bound to have a greatly depreciated currency, depreciated from the value of the standard, and depreciated in terms of the currency of your creditor if you have to pay him in accordance with the terms of the standard. That looks so reasonable as not to require much argument.

What Canada might do with respect to her currency if she did not owe a dollar outside of this country is a matter for Canada to determine, and nobody else. One of the reasons the United States can do what she pleases with respect to gold at the moment is that she has no external creditors to whom she must pay. People owe her; she does not owe them. But when you reverse the process and have a country that has to provide for the payment of its debts in other countries a different situation arises. I am going to point out to my hon. friend from Macleod that he is not right in saying that they provide payment of the debts in gold because if they did there would not be enough gold to go around for very long, but they pay in terms of gold; I think that is the position he intended to take. Now that gold is provided either by services which must be payable in terms of the currency of the creditor country and therefore go at par to satisfy the debt, or it is provided in goods payable in the same terms to satisfy the debt due by the debtor to the creditor country, or it must be paid in gold itself. That is the reason we have been shipping one million dollars' worth of gold at one time and another million dollars' worth of gold at another time to New York. That is the reason why the sixty million odd dollars of gold in this country played so large a part last year in sustaining the credit of the country. The Dominion of Canada paid for the gold the price it would bring in the United States, and then we shipped the yellow metal itself down to the United States where it went to the central reserve bank, and from that bank issued gold certificates which paid the debts of this country, the interest on our debts, the interest owed by the provinces, and matters of that kind.

You might ask, why should what we do here as to metal coverage have any effect upon our international situation? That again is a question that you can only answer in the light of what the experience of the world has been. I cannot answer that; I do not know anybody who can. But we know what the experience of mankind has been when you use a currency in your own country that has no convertibility into any standard that is useful in discharging your obligations in other countries. Your currency can then only be used in your own country, and what it is worth in any other country is a matter of conjecture and guess. That is the story. Whether there is anything in it or not, whether, as my hon. friend says, if you come down to the ultimate analysis you find that that is all nonsense, I can only say in reply that the history of mankind has been this, and you do not have to take my assertion—you can read any standard book upon the history of it—that if there is no value that can be put upon a Canadian one dollar bill in terms of a universal standard or yardstick of measurement or value, at once there is a direct reflection upon the value of the obligations of a country that owes money in other countries.

Mr. MACKENZIE KING: It is all a matter of confidence.

Mr. BENNETT: Yes. My right hon. friend has anticipated what I was going to add. It therefore follows that it is confidence plus something. I heard Sir Josiah Stamp say here what most of you will remember, that mankind had not yet reached that state of confidence in one another where they were prepared in one country to accept in confidence the promise to pay of another country at par of the country in which the debt was being discharged, and he said it would probably be some time before that condition came about. I dare say that some hon. gentlemen will remember what he said in that connection.

I am sorry to be so long about this, but I put this to the committee. There, as the right hon. leader of the opposition has said, is a dollar bill which in Canada passes for one hundred cents. When it goes across to the United States they say, "We are not prepared to give one hundred cents for that dollar because we have not confidence in the mere promise to pay unbacked by security that it will pay one hundred cents for that dollar."

Mr. MALCOLM: In gold.

Mr. BENNETT: No, gold does not come in at the moment. I am just trying to establish my position by steps. Gold has been selected as the universal standard of measurement. It might have been platinum, but gold has been selected as what is to be deposited in the country of issue to give value, in confidence, in the country that accepts your money in payment of your obligations. I go to the United States to pay a one thousand dollar debt, and I produce a one thousand dollar bill of the Dominion of Canada and hand it to my creditor. He has a bond of this country, and the time has come to pay. I hand him my one thousand dollar bill. Every Canadian says that that one thousand dollar bill is just as good as his one thousand dollar bill.

Mr. STITT (Selkirk): Better.

Mr. BENNETT: There you have it at once. I have been trying to point out, and I am afraid that I have not succeeded as I should have liked, that confidence in the Dominion of Canada by a people who are not Canadians is essential to make our one thousand bill worth one thousand dollars to them. If their confidence is lacking, then the bill is worth just what their lack of confidence gives as its value—nothing more or less. We must remember that this is not so old a matter as to be lost in the cloudland of doubt and conjecture—this fixing of the value of gold is of comparatively recent origin, and in my judgment there is nothing to hinder nations meeting together and determining that gold should have a different value from what it now has. Remember that the value of gold was fixed when the population of the world was less numerous than it now is, and when the conditions of trade and commerce were entirely different from what they are to-day. But there must be some universal recognition of a standard. There must in addition be something more than that. There must be a recognition by confidence that a mere inconvertible promise to pay, of a people, expressed on a piece of paper has equal value to the people to whom it is tendered as has their own promise to pay of an equal amount.

Mr. MALCOLM: Will the Prime Minister answer this question: If it is based on a metal coverage, and not entirely upon confidence, why in heaven's name should we accept eight silver certificates for one ten dollar Canadian gold bill?

Mr. BENNETT: I did not get the question.

Mr. MALCOLM: On the exchange market to-day we accept eight American one dollar bills, which are simply promises to pay in

silver, silver certificates, for a ten dollar Canadian bill, which is a promise to pay in gold. It must be a matter of confidence, altogether.

Mr. BENNETT: No, it is not confidence altogether. The question of silver has something to do with the practice. It will be within the memory of hon. members that by statute of the congress of the United States it is provided that either $360,000,000 or $420,000,000—I am not just sure of the figure—could be minted in silver for which there would be a paper certificate issued indicating on its face that there has been deposited in the treasury of the United States so many silver dollars as against that paper. I made inquiries in that connection. Certainly anyone who receives a silver certificate in times like this would ask himself why it is that a silver certificate should be worth $1.10 in Ottawa, when the silver dollar for which you would exchange it in the United States was only worth something like forty-three cents in actual metal value.

My informant in the United States told me that in practice they redeem them in gold.

Mr. MALCOLM: They are not bound to, though.

Mr. BENNETT: But he said they were bound to retain their gold standard position. That is the answer, or that is the story as told to me, because I desired to have the matter cleared up for my own satisfaction.

Now let us get back to the point we were discussing. If a country issues paper money in which it promises to pay the sum indicated on the paper that is issued, and that is without security, it is worth in your own country just what you determine—probably the face value of the paper itself. It is worth abroad just what the confidence in that inconvertible promise to pay gives to it. Sir Josiah Stamp said—and I can but repeat what he said, because I do not pretend to know, that man had not reached that stage of perfection in which he was prepared in one country to have such confidence in that inconvertible promise to pay as to value it at its indicated value in all countries.

Mr. EULER: Who fixes the degree of confidence of the other country? Isn't it the bankers?

Mr. BENNETT: Recent events seem to show that is not so.

Mr. MALCOLM: It is trusting metal rather than men.

[Mr. Malcolm.]

Mr. BENNETT: Undoubtedly that is so. And, undoubtedly, as the hon. gentleman has said, that has been so for ages. Not for twenty-five, thirty, fifty or even hundreds of years, but it has been so for ages. That is the reason we have our whole banking system. The whole basis of it is that. And the fact that man was moving from place to place, and for that reason must carry with him his own currency—doing that has created that measure of lack of confidence which induced, for instance, the paymasters of the British army always to carry gold sovereigns in their chests and not paper money. Why? Because the sovereign was worth in the country in which it was paid out to soldier, sailor or anybody else its par value always, or more, in the currency of the country in which it was paid. That is the reason.

We cannot get beyond the fundamental basis of the whole business of currency, and that is this, that mankind saw fit to issue paper as being more convenient to handle and deal with than metal, for the purpose of disposing of obligations and debts, and for trade facilities. He did not base it entirely upon confidence. If he had based it entirely upon confidence the trade of the world would have been sadly disturbed by now, would it not? History has taught at least that you cannot rely upon confidence alone. And it is international agreement and arrangement among nations of the world that determine to what extent confidence shall be supported by something else. Confidence plus is what gives value to my dollar in New York to-day.

Mr. MALCOLM: How much good was the "plus" in the case of Russia?

Mr. BENNETT: What does the hon. member mean?

Mr. MALCOLM: How much good was it? Russia had gold behind her currency before the revolution.

Mr. BENNETT: Her money before the revolution was good money, in London, Paris or anywhere.

Mr. MALCOLM: What good was the "plus" when Russia upset its government?

Mr. BENNETT: She destroyed the "plus"; that is the reason, exactly, that it had little value—because she destroyed the "plus." I wish to make clear to the committee that I am only voicing my own conclusions which have been based on fairly extensive inquiries that I have made when I have met men who were in a position to give me information. I have been told by a great many men from

many countries, and it is my own conclusion, for what it may be worth, that so far as a country's own domestic currency is concerned, it is true that if we were on an isolated island and had no one to think of, except our own people, so far as currency is concerned we could use iron ringers. But as the loud applause by hon. members opposite in this house indicated the other day, we realize no man liveth unto himself, and no people can live entirely unto themselves. Therefore, the iron ringers have sometimes to go into other countries. And when they go into other countries, while they may not be in the form of iron ringers, but in the form of an oblong piece of paper containing the words "Dominion of Canada will pay to the bearer on demand" so much money, what does it mean? How will they pay it? If the answer is "I will give you another piece of paper," the reply is: "My confidence is not sufficiently strong for that, and although I like that country well, and like its people, I have got to have something more than that, because there are times in which nations have been known to repudiate their obligations." That is the reason that even those in this committee who are not capitalists—and I take it there are very few—if they desire to lend money they very often require an endorser on the back of the note. And if they go to borrow from a friend very frequently it is suggested that an endorser would not be out of place, and that guarantors might be of assistance. Sometimes they have been known to ask for the deposit of securities for the purpose of securing obligations. That is what is meant by the "plus" to confidence. The plus enables us to expect our paper money to be worth something more than its mere weight of paper in the markets of the world.

Mr. COOTE: In regard to obligations payable in Canada from one private person to another, if they are stated to be payable in gold, would dominion notes be legal tender for settlement of that obligation?

Mr. BENNETT: I am bound to say to the hon. member for Macleod that it is difficult for one to become an adviser on a doubtful question of law. I prefer not to express an opinion until the courts determine exactly what it does mean. This is a matter which has to be litigated by the courts? I am only a lawyer, not a judge, and therefore I am unable to speak with authority upon the point.

The hon. member for Stanstead (Mr. Hackett) has handed me a statute showing the change from 1886 to 1933:

> The amount of dominion notes issued and outstanding at any time may, by order in council, founded on a report of the treasury board, be increased to, but shall not exceed twenty million dollars, by amounts not exceeding one million dollars at one time, and not exceeding four million dollars in any one year: Provided that the Minister of Finance and Receiver General shall always hold, for securing the redemption of such notes issued and outstanding, an amount in gold, or in gold and Canada securities guaranteed by the government of the United Kingdom, equal to not less than twenty-five per cent of the amount of such notes,—at least fifteen per cent of the total amount of such notes being so held in gold; and provided also, that the said minister shall always hold for the redemption of such notes an amount equal to the remaining seventy-five per cent of the total amount thereof, in dominion debentures issued by authority of parliament.

That was passed in 1880. So that between 1880 and 1933—or as a matter of fact the last amendment I think was made in 1927—you have a statement of the gradual change that has taken place in what I might call the necessity for adding to confidence something other than confidence.

Mr. MALCOLM: But the Prime Minister does not answer the question. I may have expressed myself badly, if so I am sorry. An interest bearing security which has no metal coverage, namely a bond, having nothing but the confidence of the holder of the bond in New York that we will fulfil our obligation, seems to be more valuable than that which has the metal coverage.

Mr. BENNETT: But the one is a promise to pay in gold at 100 cents on the dollar, the other has a metal coverage which amounts to about 40 cents on the dollar. That is exactly the reason. The reason our bonds sold in New York had to be expressed in terms of gold was just what the hon. gentleman has now drawn attention to. A dollar bill, which is a demand bond we will say, has behind it forty per cent of gold, but the promise of the bond is to pay the whole amount at maturity in gold coin of the current weight and fineness.

Mr. EULER: But the dollar bill is a promise to pay the whole dollar as well.

Mr. BENNETT: Yes, but the confidence in the one is in the good faith of the promissor to pay in terms of his promise.

Mr. EULER: In terms of New York funds.

Mr. BENNETT: And in the case of bonds you have the history and practice of centuries, which have given to them a value dependent upon what people regard as the general con-

dition of the country that emits or issues the bonds. This country at the present moment has reached a margin of borrowing which under the ordinary rules that govern, according to the books, is almost its maximum borrowing power, unless you have a rapidly increasing population or great natural resources that are being rapidly developed. That is the reason that the increase in gold production in this country has added relatively so greatly to confidence in the country. And the reason is obvious.

Now take the case of constructing the building. I have very little doubt that the issue of $5,000,000 or $6,000,000 additional paper currency by this country would not greatly prejudice its currency.

Mr. EULER: Under statutory control.

Mr. BENNETT: Issued under statute, as this was. But it will be observed that on the very threshold of the issue of paper we are not keeping to what is called sound banking practice. That practice, not national, but international, is that there should not be paper issued unless there is some provision for its payment. That is the reason why sinking funds were so strongly urged by Pitt as being a sound basis of the country's borrowing, and the reason that sinking funds in domestic issues of bonds are regarded so highly. If we issued $5,000,000 or $6,000,000 of our promises to pay by statutory authority I do not think it would greatly hurt—

Mr. MALCOLM: We have issued $67,000,000.

Mr. BENNETT: Yes, $68,000,000.

Mr. EULER: May I ask a question at this point? The Prime Minister has stated that there was some $67,000,000 of federal currency issued during the war for which there is no gold coverage whatever. I would like to ask whether the $67,000,000 so issued is identifiable in the hands of the public, and if it is not, if it is merely part of the general issue, whether our coverage is not a great deal less than forty per cent?

Mr. BENNETT: Last year I pointed out that fact to this committee. There is no difference between the thousand dollar bill issued under the act of 1915 and the thousand dollar bill issued under the Currency Act. And as bankers put it to me, one of the factors that reduced the value of our currency is the effect of these outstanding obligations in lessening the amount of metal coverage. But there are differences of opinion about that. There are gentlemen in this committee who say that that cannot be so. I am only saying that the inquiry I have made—and like everyone else in this house I am dependent for my information on the inquiries I make—my information is that the depreciation in value of our dollar is traceable to the fact that we had inflated our currency by $68,000,000, which reduced the coverage beyond the point mentioned in the statute, so that instead of it being twenty-five per cent up to $50,000,000 and dollar for dollar thereafter we have an average coverage at this moment of forty per cent.

Mr. EULER: But since that $67,000,000 was issued some fifteen or sixteeen years ago our money has been at par.

Mr. BENNETT: Surely it has.

Mr. STEWART (Edmonton): Before the Prime Minister continues, may I ask this question: for the past twelve or fifteen years at least, every fall banks come to the treasury and secure additional currency on the deposit of securities. That has had no appreciable effect upon exchange.

Mr. BENNETT: The hon. gentleman is entirely right about that. And I have tried to indicate the reason why. It is all predicated upon—

Mr. STEWART (Edmonton): The requirements of business.

Mr. BENNETT: Not only upon the requirements of business, but as the business is completed the withdrawal of the money from circulation is ensured. Therefore it is a temporary movement of money, and it is secured by such ample security that no question as to its value could arise.

Mr. STEWART (Edmonton): In that connection I want to ask this other question; that security, or the proceeds of it have been in circulation before?

Mr. BENNETT: No, not the proceeds of the security.

Mr. STEWART (Edmonton): Oh, yes. These securities that are deposited by the banks are securities against which currency has been issued.

Mr. BENNETT: No, they are bonds that the banks buy. If the hon. gentleman will take the bank returns, the last one, and look at the assets he will find under the appropriate column the amounts of dominion government and provincial government securities; Cana-

dian municipal securities; British, foreign and colonial public securities other than Canadian; and railway and other bonds, debentures and stocks; in all some $700,000,000 odd.

Mr. STEWART (Edmonton): I am speaking particularly of Canadian securities. But I do not want to divert the discussion in that direction, I merely ask whether or not the inflation, if you may call it such, affected our exchange?

Mr. BENNETT: It affected our exchange in this sense. As long as we were doing business necessitating the release of currency in order that the business might be transacted there was no question of depreciation because it was largely an internal matter, and the balances that arose took care of the situation at the time of maturity. But I was going a step further. What happened in 1929? We had $40,000,000 due in New York. How did we pay it? The late Mr. Robb paid it with gold shipped from this country, substantially that. And from that moment this country ceased to be on the gold standard. That is the position.

Mr. YOUNG: Because we paid in gold?

Mr. BENNETT: No, because we depleted our gold coverage, lessened the amount of gold we had for the purpose of meeting our obligations, under the Finance Act or otherwise. I can only say this, that as far as the issue of $5,000,000 or $6,000,000 in paper money by statute is concerned, it would not affect the credit of this country, technically. In reality it would greatly affect it, as it did in 1915. If one will take the trouble to look at what happened during the war, when enormous quantities of goods were being sent out of this country, creating favourable balances, one will realize how easy it was to emit these sums of money at that time without affecting the national credit structure. But when there is a depression throughout the world, such as there is to-day, you have exactly that situation developed that curbs and lessens your ability to do it without affecting the whole credit structure. I had a letter the other day from a gentleman who said this to me: "I have this matter completely arranged. All you need do is just simply tell everyone holding the $2,500,000,000 of Canadian bonds that you will hand them Dominion of Canada bills, and that will stop interest at once." The committee smiles; but as you see, this man had in his mind the same idea, carried to the extreme, as the suggestion made by the hon. member for North Bruce.

Mr. MALCOLM: Quite a different idea.

Mr. BENNETT: Exactly the same.

Mr. MALCOLM: No. The Prime Minister will pardon me if I say that it was a different idea that I advanced, for this reason. We issued $68,000,000 of treasury notes for the complete destruction of property. There was nothing left of the property for which the notes were issued—no assets whatever. In the case of using the credit of the nation to issue currency instead of bonds for construction you decrease the cost to the taxpayers of the public building, and when you have spent the money you have a physical asset, the property of the dominion, which represents something for the money that has been spent and which will be redeemed through taxation by statutory enactment over a shorter period of years than if interest rates were charged.

Mr. BENNETT: It is entirely erroneous to say that the issue of money in this country was for non-physical assets. I think it should be at once explained that the money issued in connection with the expansion of our currency in 1915 was to the railways; and so far as—

Mr. MALCOLM: I thought it was war purposes.

Mr. BENNETT: No, that was for railways. When you come to the question of money issued for war purposes, I think the hon. member for West Edmonton, who made the statement, will realize that instead of being injurious so far as we in this country were concerned, it was the basis of expansion of our industrial development. Every shell order that came to this country served that purpose, and so did every munitions order and every order for wheat. Everything of that kind meant a permanent addition to the wealth of the country.

Mr. EULER: Over-expansion in many cases.

Mr. BENNETT: I wholly agree with the hon. member in that regard, but it did represent tangible assets. Now, I was going to answer the question which the hon. gentleman put to me—the last question—with regard to putting up a public building for six or seven million dollars. I dare say it will come as nothing new to him when I say that I discussed with the Minister of Public Works the question whether it might not be possible under certain conditions to do the very thing that has been suggested. Then I discussed it

with others, not in this country but in other countries, and they informed me that in their opinion—it is an opinion of course—a small sum of money would not perceptibly affect the credit of this country; but, to use the words of the right hon. gentleman opposite a moment ago, reflecting the same thing Sir Josiah Stamp had said upstairs, the minute you do that you have lessened the degree of confidence which people have in this piece of paper.

Mr. MALCOLM: You have improved the farm on which they have a mortgage.

Mr. BENNETT: But that is not so. All these cases consist of adjustments between advantages and disadvantages. In the ultimate analysis, whoever is responsible for the government of this country has to weigh every advantage that would come from carrying out the course suggested. There are these disadvantages: the effect in lack of confidence; the effect in depreciation; the effect in deteriorating the values of the things with which we have to pay in terms of creditors' demands upon us. On the other hand, you have the accumulation of the advantages that accrue to the nation: non-payment of interest; the effect of the retirement of securities over a given period of time, resulting in the asset created by money being free from encumbrances after the expiration of a certain number of years. And after you have weighed all the advantages and the disadvantages you must come to a conclusion, which in my judgment must be a conclusion that is consonant with general world currents of thought.

I do not believe that the ten and a quarter or ten and a half millions of people on the northern half of this continent, living side by side with the richest nation in the world, carrying on business in a given way, can afford to depart from generally orthodox views with respect to financial matters, when we have obligations aggregating so large an amount payable abroad. One of our insurance companies has a billion dollars at risk in the United States. We have, in the Canadian National, guaranteed securities amounting, not to millions but hundreds of millions, all held by people on this continent in the United States. Our own national debt to the extent of hundreds of millions is thus held.

The problem is one that is simple yet complex; simple because the factors are known, complex because you cannot value those factors. I cannot place a value in terms upon the injurious effect which there would be upon the issue of new dollars by this country, upon all the hundreds of millions of bonds outstanding. I cannot say with absolute certainty, nor with anything approximating such certainty, just what destruction of confidence would come about through emitting bills of that character in Canada. Can anyone? Has anyone the vision to make such a prediction?

I have been fair enough to say that I am not one of those who believe that there are not honest doubts in the minds of some people. There are doubts in the minds of hon. gentlemen opposite, who entertain an entirely different opinion from mine. But weighing the advantages against the disadvantages, the benefits against the injuries, it is my conviction, and my profound conviction, that if we are to maintain our structure intact against any attacks that may be made upon it from all sides, not purposely, but attacks in effect, we cannot do so unless we maintain to the uttermost that confidence in our promise to pay which is involved in our attorning to the general principles that have governed man in seeking security when he asks for payment, whether it be in his own money or in the money of another country, and insists that there shall be something more than the good faith of individuals to support his confidence, and that his confidence is placed in something tangible rather than in mere faith in mankind itself.

Mr. POULIOT: I have listened attentively to the Prime Minister and I understand that, according to the figure he has given the house, the promises of the Dominion government to pay in currency amount to $175,000,000, and that in rough figures $70,000,000 of these promises are covered by gold. The Prime Minister said also that $68,000,000 had no coverage in gold. Therefore we have legalized our statutory inflation, because if, according to the law now in force, dominion notes shall be redeemable in gold, there must be a sufficient amount of gold in the treasury to redeem every one of them; and if it has been accepted by the law that redemption should be made only on the basis of forty per cent, then we have inflation to the extent of sixty per cent. I will ask the Minister of Finance to correct me if I am wrong, but I understand that theoretically and practically we are now on the gold basis, whereas if this bill passes I am under the impression that while theoretically we may remain on the gold basis, that will not be so practically. As soon as the governor in council suspends the operation of the existing subsection for any such period or periods as he may deem desirable, dominion

notes will be no longer redeemable in gold. So I should like to ask the Minister of Finance whether dominion notes will be redeemable during such periods of time and, if so, how they will be redeemed.

Mr. RHODES: Assuming this bill passed and an order in council were passed by virtue of it, it would mean that the individual with a dominion note would not be able to demand gold. My hon. friend will realize that even under our legislation as it exists to-day, by the provisions of the Finance Act we can make notes legal tender. So a man would merely change one kind of note for another kind.

Mr. POULIOT: But if I understand the minister correctly those notes are issued for circulation and not for redemption. They are issued as a convenience in business, so that they may be easily transferred from one individual to another or from one firm to another; they are backed by the credit of the dominion but have no gold behind them.

Mr. RHODES: We will still have to provide the amount of gold called for under our existing legislation.

Mr. POULIOT: That is forty per cent?

Mr. RHODES: We have that to-day, and under our statutes we would have to keep that amount, but assuming that this bill becomes law and we pass an order in council under it, then an individual could not come and ask for gold for legal tender; he could only get dominion notes.

Mr. POULIOT: He would get other dominion notes?

Mr. RHODES: That is all.

Mr. POULIOT: Then I imagine we have had inflation in this country since parliament approved of the issue of $68,000,000 in notes with no gold coverage. With regard to inflation, as the Prime Minister has said there is usually some sort of inflation every fall, due to the fact that the law authorizes the banks to issue notes, during the movement of the wheat crop, to the extent of fifteen per cent of their total note issue. Bankers have told me that last year the banks did not ask the minister for permission to issue those extra notes, that the money in circulation was sufficient to meet the need. The right hon. Prime Minister also said that if the Canadian dollar is not on some international basis some difficulty might ensue. I am not familiar with all the economists who have written on this subject; I try to keep a clear mind, but it strikes me that gold is used to regularize the exchange of trade, and if, as the Prime Minister has said, we have reached the limit of our borrowing power, it means that other countries have lost confidence in Canada, which is very serious. The Prime Minister in his speech also said that if we cannot pay in gold we must pay in terms of gold. As the right hon. gentleman spoke in rather a low tone I could not catch the first definition he gave in regard to terms of gold, but in the second place he mentioned goods.

Mr. RHODES: The first was service.

Mr. POULIOT: Thank you. The first was service, the second goods, and the third gold. The Prime Minister may be quite right in this respect, but gold is used to regularize exchanges, and when there are no more exchanges and our foreign trade is falling, the value of currency falls accordingly. May I remind you, sir, that during a debate that took place some days ago I asked the hon. member for Macleod if inflation would be necessary if the tariff were not so high. The hon. gentleman, who is the official financial critic of the group in the corner, answered that if tariff barriers were lowered to normal there would be no need for inflation. The right hon. gentleman spoke about normalcy. When our trade was normal the Canadian dollar was above par.

I will not discuss the question at greater length, but I would suggest to the right hon. Prime Minister and the government that they reconsider their tariff policies, and then there will be no need for legislation such as we have before us to-day.

Mr. IRVINE: A few minutes ago I directed a question to the Prime Minister, and I should be glad if he would be kind enough to answer it now, because I want to make sure I understood exactly what he was saying in this connection. I understood him to say that our Canadian bonds were worth more than our Canadian dollars, because there was only 40 per cent of gold behind the dollar and the bond was worth 100 cents. I wish to make my question a little clearer. Canadian bonds held by citizens of the United States amount to a great deal more than all the dollar bills we have in this country, and we have only 40 per cent of gold behind our dollar bills. How then could we have 100 per cent behind our bonds? It seems to me that in that case the bondholders would have confidence in neither our dollar nor our bond.

Mr. BENNETT: I am afraid my hon. friend misunderstood me if he understood what he indicates he did. I said that they had 100 per cent confidence in our ability to pay the bond in conformity with its terms, which meant payment in gold.

Mr. IRVINE: My point was that we have less chance of paying these bonds in gold than we have of redeeming the dollar in gold; because we have only 40 per cent gold behind our dollar and not nearly that behind the bonds.

Mr. BENNETT: The fact that so far we have paid fully all our obligations in the terms of the contract is in itself sufficient reason for the confidence that we shall continue to do so, and to the extent that that confidence lessens, to the same extent does the value of the bonds lessen in the markets of the world. But because thus far that confidence has not been destroyed, our bonds have been selling on the terms to which the hon. member has referred, plus of course the interest provision which naturally adds to the value of the security.

Mr. SPENCER: Has a dominion bond payable in gold in Canada been paid in gold during the last eighteen months?

Mr. BENNETT: That is a question which, as I indicated to the hon. member for Macleod, I would prefer not to endeavour to answer. There is a decision of Judge Farwell in Great Britain in the last few months and another decision of an English court indicating clearly that the exact words of the instrument will determine the question of liability. In the case before Judge Farwell, the wording was such that, in his judgment—and I do not know whether it has been appealed or not—it enabled the obligation under the bond to be paid in English pounds of depreciated value. I cannot express a legal opinion on a matter of that kind.

Mr. REID: I have listened very attentively to the information given to the committee, not that I am interested in what the people of the United States get on exchange from this country, but because I think, like other members, our dollar is just as good as that of the United States. Last fall a United States citizen came into Vancouver and for his $10 bill, which was a promise to pay, he received $11.88; for his silver money he received a premium of nine per cent. But when he tendered a $10 gold piece, all he was offered was ten Canadian dollars. I have always been puzzled why the promise to pay was worth 18 per cent and the silver dollar worth nine per cent, while the article itself was worth only par in Canadian money. Could the Prime Minister explain that?

Mr. BENNETT: That is very easily answered. Let me tell the hon. member for New Westminster of my own experience. On one occasion I went to Geneva to attend a convention and under the circumstances I thought it highly desirable that I should have some gold with me. Accordingly I took a few $20 gold pieces. I found, however, much to my surprise, that £5 Bank of England notes were worth relatively more than the gold. Naturally I began to ask why. The answer in the first instance was that it was much more costly to convert the $20 gold piece into the value into which the bank or commercial house might want it to be converted for use than it was to put a £5 note into an envelope and mail it away. That is one reason; but as regards the incident in Vancouver last fall, referred to by my hon. friend (Mr. Reid), the answer is this: You could not send the gold out of the country without a licence, and the cost of a licence at that time was the premium on gold. Therefore there was no force in giving more for the gold than its face value.

Mr. REID: That is what the banker told the man; he said: "You might as well leave it here, because we have a law against exporting gold."

Mr. COOTE: The story related by the hon. member for New Westminster shows the absurdity of the present situation. It all arises because the Prime Minister in September, 1931, refused to suspend redemption in gold, but chose to prohibit the export of gold, and through arbitrary measures, I think extra-legally, to refuse to pay out on demand, gold for dominion notes. The law clearly entitled the holder of a dominion note to get gold for it, but certain instructions were issued from the office of the Minister of Finance at that time to the receivers general throughout Canada that they were not to pay out gold on demand without permission from Ottawa. A friend of mine went to the Assistant Receiver General in Calgary in October, 1931, and asked for $500 in gold to send to the United States to meet a liability which he owed there. So far as I know, there was at that time no prohibition by order in council of the export of gold, but the man was refused the gold. For that reason I think it is a proper move on the part of the Minister

of Finance now to take authority to suspend redemption in gold, although the government did have authority in 1931 and refused to exercise it. One of the objections I have always taken to the policy pursued by the government under the very wide powers which were given to them under the act of 1931 is that they did not exercise this power when they should have done so.

One important question which has arisen here this afternoon is that of meeting our foreign obligations, and to what extent, if any, the value of our dollar in gold countries affects our ability to meet those obligations. First of all I want to say that the value of our dollar in New York is determined by the supply of and the demand for foreign exchange. It is decided for all practical purposes on the New York exchange market; it goes up or down according to the supply of and the demand for this exchange. The supply arises from several different sources, mainly our exports of goods which are sold for foreign exchange. The proceeds of our exports are always available to purchasers of foreign exchange. The supply of and demand for our foreign exchange are of course affected by the sale of foreign securities by Canadians or the purchase by foreigners of Canadian securities or the sale of our securities by foreigners. We have no way of controlling this. So far as confidence is concerned and the extent to which confidence affects the value of our dollar in New York, this is mainly in connection with the transfer or investment of capital, the sale and purchase of securities by people in Canada and outside, the transfers which must be made because of such transactions. Confidence after all depends upon our record in meeting our obligations. If we meet them in gold, regardless of whether we have gold behind our internal currency, that will largely determine the confidence of investors in New York. As was stated by Viscount Snowden, when England abandoned the gold standard, although they abandoned redemption of notes in gold—and I say to the Minister of Finance that he is quite correct in what he said regarding that act—they simply suspended the act until such time as the government of England might take further action by order in council. Mr. Snowden said they would continue to meet their foreign obligations in the terms in which they were due. But they did make a definite suspension of redemption in gold, so that legally the Bank of England the next day was not required to redeem its notes in gold. Canada, on the other hand, has been legally in the position of being liable to redeem its notes in gold, and we have refused to do it. If the government would grant a fiat to anyone to whom they have refused to pay out gold on demand, or if we were in the position to go to the court and get an order compelling the Receiver General of Canada to obey the provisions of the Dominion Notes Act, then I think some of the officers of the Receiver General would have to submit to imprisonment or something of that kind, or pay over the gold. The government has simply overridden the law in that respect, and it is well that the law should be changed; it should have been done eighteen months ago. Mr. Snowden in his speech said that it was not the intention of the government in England to evade meeting their foreign obligations in gold when expressed in terms of gold, and England continued to meet her obligations in terms of gold. So has Australia. Australia has abandoned gold. She has invested part of her reserves in sterling and she has met all her foreign obligations and the interest on them in gold.

Mr. BENNETT: She has ninety million pounds of floating debt.

Mr. COOTE: But her bonds are selling at a very high rate in England in spite of it.

Mr. BENNETT: The last issue was not successful.

Mr. COOTE: Australian government bonds, as I quoted from an Australian paper the other day were selling at more than par in their own country.

Mr. BENNETT: In New York Australian five per cents are 74 and comparable Canadians are between 95 and 100.

Mr. COOTE: That is not assisting Canadians to meet their foreign obligations because, as I said before, our foreign obligations are met by the export of goods which are sold for gold or foreign currency, and discriminating investors in the United States or anywhere else must look to the future to see whether we are going to continue to meet our liabilities or not. Now in order to meet our liabilities we must maintain internal prices at a level where producers can produce at a profit or at all events get the cost of production. Otherwise they will go out of business, and when they cease to produce we have just that much less to export and sell and we can buy just that much less foreign exchange with which to meet our foreign obligations. If we are going to pay interest and principal on our debts outside this country we must export the goods in order to get the gold to pay over to the holder of the bonds.

We might change our currency, change the name of our monetary unit from the dollar to something else, to clear up the confusion that is in the minds of some people. We might amend the Currency Act and change the name of the dollar to crown or shekel or some other name. To have a Canadian "crown" quoted in the United States at less than an American dollar should not alarm the people of either country. If the Canadian crown was worth only fifty cents in the United States that would not give them so much concern as if our dollar was worth only fifty cents there. Our dollar is worth one hundred cents in this country because the law makes it legal tender for that amount, but once the Canadian dollar or any other monetary unit gets outside of Canada its value is fixed in the foreign money market. It becomes a commodity, in other words, and the price of our dollar goes up and down in New York according to the law of supply and demand, just as the price of wheat in Winnipeg goes up and down depending on whether the supply or the demand is the greater.

Money is distinctly national in character. Every country has its own monetary laws and establishes its own monetary unit by law. Quoting John Maynard Keynes, from memory: "Money is that which the state may from time to time fix as legal tender for all money contracts." That is the substance of what he says, and the same idea may be got from any other writer on this subject. Knapp says in his State Theory of Money: "The soul of currency is not the material of the pieces but in the legal ordinances governing their use."

In Canada on the present basis we can have inflation amounting to hundreds of millions of dollars without issuing another dominion note. The inflation the world has suffered from in the main, the inflation from which we suffered in Canada from 1925 to 1929, and the deflation since, has all been done on practically the same amount of gold, with comparatively little change in the amount of notes issued. The thing that varies so much is the credit. On the same amount of gold we may have an increase of 25 or 30 or 40 per cent in credit, and credit is 90 per cent of the money we do business on. An inflation of 30 per cent in credit is greater than a 50 per cent increase in note circulation. Notes are a very small percentage of our money.

I am sorry that this debate came on before a return that I had moved for was brought down. It asked for the total bank loans in Canada, the total deposits, bank notes outstanding, dominion notes outstanding, advances under the Finance Act, and gold reserves in Canada. If I had that return I think I could show that the amount of bank credit outstanding, which is the bulk of our money, has varied by hundreds of millions of dollars with very small variations in the amount of gold in the treasury.

Mr. YOUNG: What caused it to shrink?

Mr. COOTE: The action of the banks.

Mr. YOUNG: What action?

Mr. COOTE: Because we were on the gold standard, and the world's goldmongers, or the world's big bankers, decided on a deflation policy, and as soon as they practised deflation we had to follow suit in Canada, or else we go off the gold standard immediately because we could not meet foreign demands for gold if we refused to deflate to the same extent that they did.

Mr. YOUNG: We are off the gold standard.

Mr. COOTE: Yes, because we cannot maintain the convertibility which the Prime Minister says is so necessary.

Mr. YOUNG: Then why the contraction if we are off the gold standard? You cannot blame the gold standard for the contraction.

Mr. COOTE: We contracted long before we went off the gold standard, and we have continued to contract ever since because we have been endeavouring to stick to the gold standard. We have not legally been off the gold standard except that we have prohibited export of gold. Our notes are legally redeemable in gold on demand, and as long as that is so we are on the gold standard, and the government is liable to deliver gold to anyone who presents notes at the office of the Receiver General. That is in the Dominion Notes Act. Of course, the government is above the law. I do not think it should be; it should obey the law. In 1914 the government was faced with a similar situation, but of course the banks were pressing the government at that time. They came to Ottawa on a Monday afternoon. The cabinet held a special meeting that night, and suspended the redemption of notes in gold, relieving the banks of the liability of meeting their obligations in legal tender, and giving them power to meet their obligations in their own notes. That was all done by order in council passed that same night. A special edition of the Canada Gazette was issued, with the printing bureau working all night, and next morning

the banks were relieved of the liability of meeting their obligations in either dominion notes or gold.

Here we have gone a year and a half since England went off the gold standard, without removing that obligation to pay gold for dominion notes, and legally we have been on the gold standard all that time, but actually we have not because the government decided that they would override the Dominion Notes Act. I know that that is true, because, as I said before, I went to the Assistant Receiver General and asked him for gold, and I was refused. The minister said this afternoon that he did not think it was right to say that the government had refused gold, but a little later on I understood him to say that if the government were willing even to-day to hand out gold to everybody, the supply of gold would only last one day. The two statements do not go very well together. The Receiver General refuses to pay out gold. They handed me an application form to fill out. I regret I have not got it with me, but I hope the minister will lay one on the table so that it will be available to all the members.

Mr. YOUNG: We can all fill it out.

Mr. COOTE: Before I sit down I should like to ask the minister what reason there is for retaining this gold as a reserve for dominion notes that are issued, if we tell the people of the world: "You cannot convert these dominion notes into gold."

The CHAIRMAN: The hon. member must not wander too far afield.

Mr. COOTE: Mr. Chairman, I am sure my question is closely connected with the subject matter of the bill. The bill has for its purpose giving the government power to suspend redemption of notes in gold. I shall take this opportunity to read it:

> Dominion notes shall be redeemable in gold on presentation at branch offices established, or at banks, with which arrangements are made for the redemption thereof as herinafter provided. The governor in council may from time to time and for such period or periods as he may deem desirable, suspend the operation of this subsection.

The question I am putting is this: If the minister is now asking for power to suspend redemption in gold what is the use of keeping the gold in the treasury? Why not take some of the $70,000,000 and meet some of our obligations with it? What is the use of keeping it there?

The CHAIRMAN: The fact that gold is kept does not alter the law. Gold has to remain there just the same.

Mr. COOTE: I am not sure whether I heard the chairman correctly, but it seemed to me that he was making an argument rather than stating a point of order.

The CHAIRMAN: I do not wish to curtail the hon. member's remarks.

Mr. COOTE: A year ago in this house the Prime Minister, speaking of the gold held as reserve for our dominion notes, and speaking of our outside obligations, said something to the effect that we had to meet practically a million dollars a day of obligations of governments, municipalities and public corporations. I believe his words as they appear in Hansard are as follows:

> There is not enough gold to pay those all at once, but gold being a medium of exchange circulates, and in its circulation lies its value.

Referring to the hoarding of gold in Europe he said:

> Gold therefore must circulate in order to be useful. When it does not circulate the value disappears and it is no longer a medium of exchange.

As I understand it, this gold in Canada is not going to be allowed to circulate, and therefore it seems to me its value will really disappear. It will not be valuable because it will not circulate. I am asking the minister whether now, when he suspends the redemption of notes in gold, he will use some of this gold to meet obligations in New York, thus keeping our credit good and allowing the gold to circulate and become useful, as suggested by the Prime Minister.

Mr. RHODES: I believe the answer is obvious. It is that under the statute or the law as it stands to-day, we must keep a certain reserve of gold. If the hon. member wishes to go beyond that and suggest that we should amend the Currency Act, that is a question which could be raised in the consideration of another measure. I submit however with all due deference that it does not arise in connection with this amendment.

Mr. COOTE: May I suggest to the minister that he consider the advisability of amending the next subsection so that we might issue up to $100,000,000 in dominion notes against a twenty-five per cent gold coverage, instead of $50,000,000 with the twenty-five per cent coverage, and release about $37,500,000 worth of gold. I believe we would still have as good a percentage of gold coverage as some other nations of the world, the credit of which is still good. Especially if we are not going to allow anybody to get this gold out, the twenty-five per cent gold reserve for the first $100,000,000

would be quite ample, and I believe would lighten the burden which now rests upon the Minister of Finance when he is faced with the necessity of meeting his obligations in New York. Would the minister consider that matter, or has he given it any consideration?

Mr. RHODES: I should be only too happy to consider it, and as a matter of fact have already given it a very considerable amount of consideration. However I do say to the committee in all humility and with the utmost frankness that I attach very little importance to my own views on this complex and intricate question. It is not one which can be juggled lightly by any individual, even by a Minister of Finance with one year's experience. It is a matter to which men have devoted a lifetime of study, and even they are not in agreement—men of the utmost erudition. It seems to me that the best we can do, upon balance, is to accept the experience, wisdom and judgment of individuals who have devoted time and study to it. Then, upon balance, it is for us to find out the best course to pursue in the circumstances. I have no doubt that we would do well to review many phases of our legislation with respect to banking and currency. That is one of the matters we had in mind when we suggested the appointment of the royal commission. Among other subjects I have no doubt they should and will consider this one.

Mr. MACKENZIE (Vancouver): Is not the Minister of Finance aware that one of the findings of the Macmillan committee in England was that we should dissociate gold as a basis of internal currency from gold as a means of meeting maturing external obligations?

Mr. BENNETT: No, it is quite the opposite.

Mr. MACKENZIE (Vancouver): And also that was one of the recommendations of the committee of the League of Nations. I shall produce my authority for the Prime Minister any time he wishes it.

Mr. BENNETT: I looked it up the other evening after the hon. member had spoken.

Mr. RHODES: I am sorry I have not the report of the committee before me, but I am almost sure my hon. friend is in error. However, whether he is or not is immaterial to the point under consideration. The royal commission to be appointed to inquire into our currency will have its own problems to deal with.

[Mr. Coote.]

Mr. MACKENZIE (Vancouver): Indeed, the recommendation made at the 1930 imperial conference was the same as that made by the joint committee of British industries in Great Britain, to the effect that the two should be dissociated.

Mr. MACKENZIE KING: I think the hon. members are attaching different meanings to the term "dissociate". The Prime Minister said this afternoon that so far as domestic trade was concerned we could use iron rings, but as an international currency, we would have to use something else.

Mr. BENNETT: I think that is true.

Mr. SPENCER: In this bill the House of Commons is asked to give the government power to suspend the payment of dominion notes in gold. It has always seemed to me an extraordinary thing that we should have two pieces of legislation on our statute books, one the Dominion Notes Act and the other The Finance Act, each practically contradicting the other. Under the Dominion Notes Act, as we read it, we can issue $50,000,000 of dominion notes against a twenty-five per cent backing of gold. Then we are supposed to keep dollar for dollar in gold for any balance. Under the Finance Act the banks may bring a most varied supply of securities to the treasury board, and have advanced to them dominion notes. So far as the total amount is concerned, I have yet to see any limit named. As the Prime Minister has said, a dominion note issued under the Finance Act against securities is just the same as a dominion note issued under the Dominion Notes Act. Therefore the more dominion notes we issue under the Finance Act, the more the gold basis of our currency is reduced.

One thing it seems to me has been overlooked in this very interesting discussion, and that is the amount of private bank notes that are issued. I know this bill does not refer to private notes, but a client of a bank has a right to ask for dominion notes in place of bank notes, the bank note not being legal tender, I understand, except at the bank of issue. Under the Bank Act the private banks of this country have three different ways of issuing notes. I do not know that it is necessary for me to enumerate them; most hon. members know the situation as well as I do. First, they may issue an amount equal to their paid up capital, which is called the free issue. Then there is an excess issue, for which they pay five per cent, this issue can be equal to fifteen per cent of their paid up capital and unimpaired reserve, from September to February. A third way is by taking

securities to the treasury board, getting dominion notes, and lodging those dominion notes in the central gold reserve, in lieu of gold, and issuing their own notes against them. As I said before, people holding these bank notes may demand dominion notes. It has often occurred to me that it is very misleading to say that we have forty per cent gold behind our dominion notes, rather intimating that we have forty per cent behind all the dominion notes people might need, whereas it is only forty per cent behind those dominion notes which happen to be printed and issued. But every depositor in a bank has a right to ask for dominion notes in drawing from his account, and as we have deposits in our private banks to an amount of nearly $2,000,000,000 it stands to reason that not only is there not sufficient gold to cover the notes which might be demanded, but there is not sufficient gold in any country in the world to meet the calls of depositors if the depositors really made a run. So the gold basis is really a fair weather basis, perfectly all right when it is not wanted, not called for, but if a run occurs it is never there. I am not saying this to create suspicion, because I think most people realize to-day that gold as a basis for our internal currency is not necessary, it is only a myth; some people believe in it, but it is not necessary if you have an educated public, and I am rather of the opinion that we have a sufficiently educated public in Canada to be perfectly open with them.

It seems to me that in suspending the payment of gold in September, 1931, the government laid itself open, as the hon. member for Macleod (Mr. Coote) has said, to be brought into court if it would allow individuals to do so. Therefore I am delighted that even at this late date they bring this measure before the house to legalize what they have been doing illegally, in refusing payment of dominion notes in gold.

Mr. MACKENZIE (Vancouver): This does not change it very much.

Mr. SPENCER: It openly says that they are not going to pay gold, which I think is a very wise statement to make. I would prefer to delete subsection 3 entirely and not pretend to pay gold, because if there is a run it is not there. Our financial soundness does not depend on the one commodity, gold; our total assets comprise many other things in Canada, of which gold is only a small part.

A question has been asked as to the difference between issuing say $100,000,000 in bonds and $100,000,000 in notes: whether the notes would be considered inflation and the bonds would not. It seems to me that it depends entirely on how the purchase of the bonds is financed. If it is financed by savings I would say there would be no inflation at all. But if financed, as most bond purchases are, by the extension of credit by the banks to enable the buyers to buy the bonds, then I say it is just as much inflation as the direct issue of paper money.

Mr. MATTHEWS: Do you mean to say that most bonds are bought with borrowings?

Mr. SPENCER: The bonds issued from 1916 to 1920, I think the hon. member will find, were very largely bought on credits extended by the banks to enable their clients to buy the bonds.

Mr. MATTHEWS: That is during the war?

Mr. SPENCER: Yes.

Mr. MATTHEWS: You are confining your statement to that period?

Mr. SPENCER: Not entirely, but I think the hon. member will find, if he takes the loans of the banks from 1914 to the end of 1916, that there was very little difference in the level of loans, but from the end of 1916 to 1920 the amount of bank loans went sky-high at a very rapid rate.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. COOTE: The section of the bill which is intended to amend the Dominion Notes Act deals with the convertibility of notes into gold, and on that point I wish to quote a couple of sentences from Planned Money by Sir Basil Blackett, a director of the bank of England and an acknowledged monetary expert, whose remarks on this point will, I think, be of interest to the committee. He says:

> The notes are money. They give the holder a claim to goods and services within the country; they represent a stated amount, measured in money, of internal purchasing power, exercisable at the bearers' option anywhere within the country at any time present or future that he may choose. They represent nothing more and nothing less, and their value in terms of commodities depends, as already stated, solely on the relation between the quantity in circulation and the work which it is at any moment required to perform.

That is the point I would emphasize before this committee. The work which our money is supposed to do, and the purpose for which

it is issued, is the purchase of goods, and I see no reason why the people of the country should expect it to be convertible into anything but goods and services. If they expect it to be converted into gold they will be disappointed, for the reason, which I have already pointed out, that when the majority of the people desire to exercise the right to convert their currency into gold it becomes inconvertible.

Another point raised this afternoon, which was not cleared up, has reference to inflation. We believe that inflation is not through the note issue but is more often through credit issued by the banks. At page 138 of the report of the Macmillan committee the following statement appears:

> Long before 1914 the first stages of credit inflation had ceased to be marked by an increased issue of notes, inflation or deflation being initiated not by changes in the note circulation but by changes in the amount of the bank's deposits.

The amount of bank deposits is decided altogether by the policy of the banks in regard to loans. I know there is a misapprehension in the minds of hon. gentlemen in this regard, and I regret that the hon. member for East Algoma (Mr. Nicholson) is not in his seat tonight, in view of certain remarks he made with reference to a speech I delivered in this house some time ago. In this connection I wish to quote two or three sentences from the Right Hon. Reginald McKenna, to the ordinary general meeting of the Midland Bank, Limited, on January 25, 1924. On that occasion he said:

> What is meant by monetary policy? Before I answer this question let me define the sense in which I shall use the word money. I understand by it all currency in circulation among the public and all bank deposits drawable by cheque. Usually when we speak of anyone having so much money we include the value of his land, securities and other property. It is a convenient form of expression, but it is not a strict use of the term. The meaning I am giving it is confined to what is immediately spendable by the owner and does not cover the saleable value of property. In this sense it is limited to the total of bank balances both on current and deposit account, together with the total currency in active circulation. . . . The amount of money in existence varies only with the action of the banks in increasing or diminishing deposits. We know how this is effected. Every bank loan and every bank purchase of securities creates a deposit, and every repayment of a bank loan and every bank sale destroys one.

I think it is quite clear from these statements of Mr. McKenna that the amount of money on which the public has to do business depends upon the policy of the banks in the making of loans or the refusal to make them, or in their demand for the redemption of loans. Let me quote further from the report of the Macmillan committee at page 138:

> The somewhat anomalous position arises that while the bank is not regulated by law in respect of its deposits it remains so regulated in respect of the note issue which was a hundred years ago the initiating cause of inflation but to-day is the factor which is the latest to be affected by the forces of expension or contraction.

One other sentence from that report is interesting in this connection, with regard to the metallic or gold reserve for internal note issue:

> Formerly, when the bank's gold was held for two purposes, partly to meet an external drain and partly to meet an internal drain, it may have been reasonable to earmark a substantial part of it for the latter purpose. But now that the second purpose has disappeared, and has in fact been abolished by law, so that the gold reserve of the Bank of England is held for no other purpose than to meet a foreign drain, the effect of enforcing the principle of the fiduciary issue is to forbid the Bank of England to use by far the greater part of its gold for the only purpose for which it is held or could be used. . . .
>
> We cannot regard as satisfactory a system under which so high a proportion of the gold stock is locked up in such a way as not to be available for export if the Central Bank should so desire.

These opinions are quite applicable to the situation of Canada to-day and the question we are now considering. Why should the dominion continue to hold in its vaults $70,000,000 of gold as a basis for internal note circulation which is intended for use only within Canada? That gold cannot come out and therefore is of no use; in other words, that $70,000,000 is sterilized and I submit it should be used to assist in the payment of our obligations in New York. The Minister of Finance should be empowered to use it for that purpose. It should no longer be held as a reserve for internal note issue.

I do not want to delay the passing of the bill but I do hope that the minister will put the suspension of the gold standard into effect. Is it the intention of the government to suspend the redemption of notes in gold when this bill passes?

Mr. RHODES: I would not wish to give a yes or no answer to my hon. friend. The government will take such course as it deems wise in the circumstances. That is the best and the only answer I can give at this stage.

Mr. SPENCER: Before six o'clock I was referring to the effect on price levels when bonds were issued against savings, and also when credit was advanced by banks to help to

buy the bonds. Many people think that inflation is connected only or largely with the issuance of notes, but I would remind the committee that it is no more inflation for a bank to hand $500 in bills over the counter to a customer than to credit $500 to his account against which he draws by cheque. We found only two weeks ago that the country with the largest stock of gold in the world was obliged to close every bank within its borders because when a real run was made it was found impossible to supply gold against the notes that might be presented. This afternoon the Prime Minister, in a very able speech, mentioned that the dollar was of value only as one could depend upon gold being paid for it. I would say that the dollar is of value according to the goods you can buy with it. During the last eighteen months I have not been able to get any gold for dominion notes, and therefore I say that dominion notes are of value only in proportion to what I can buy with them. I have found them perfectly good because the assets of Canada were good, whether or not she had gold behind her dominion notes. In looking through the evidence given before the banking and commerce committee in 1923 I found what I consider rather a good statement as to the basis of credit. I should like to read it to the committee; it is as follows:

> The basis of a nation's credit is the number, intelligence and industry of its people, plus the capital equipment and natural resources within its boundaries.

Gold therefore is only one small part of the assets of the dominion, and I think we should give due credit to those vast assets other than gold.

Mr. BENNETT: Who said that?

Mr. SPENCER: That was said by Mr. George Bevington in the course of his evidence before the banking and commerce committee. I believe I attended practically every meeting of that committee and I did not hear that statement contradicted. We are told that gold is the most valuable of metals, but I think if we took away the statute giving gold its fictitious value it would become one of the most useless metals.

Mr. ERNST: I wonder if the hon. member can answer a question, just for information. Dealing with any year previous to the war, I do not care what year, can he tell me the gold coverage for currency and the amount of paper issued as compared with the gold coverage and the amount of currency issued to-day? And for the same pre-war year for which he gives me the gold coverage and currency issued could he give me the volume of trade as compared with to-day, so that we may see how they compare?

Mr. SPENCER: I am sorry I have not the figures with me, and I should not care to make a guess.

Mr. ERNST: I asked for only one purpose. I believe that the amount of paper money was quite out of proportion to the growth of trade.

Mr. SPENCER: I do not know whether or not the hon. member was in the house just before six o'clock, but I mentioned then that the statement that Canada has forty per cent of gold behind her dominion notes simply means that she has forty per cent behind what dominion notes are printed and what we think are necessary. If there should be a real run of depositors asking for their money—and every depositor has a right to dominion notes—naturally we could not meet that run, and no country could do so.

Mr. ERNST: My purpose in asking the question was to see whether the increase in paper money coincided with the growth of trade.

Mr. SPENCER: From time to time there have been attempts made to limit our paper money to the amount of gold we have in reserve, and that is one of the criticisms I have to make in connection with gold. I believe that often it has placed a country in a straightjacket in regard to trade development, because there was not sufficient currency or credit for needed development. In support of what the hon. member for Macleod had to say I noticed that Sir Basil Blackett, speaking in Canada about eighteen months ago, said very plainly that it was quite unnecessary to keep gold behind internal currency. In that connection I should like to quote another eminent banker, Right Hon. Reginald McKenna, who, speaking to the shareholders of the Midland bank in January, 1932, said:

> The time has gone by for the childlike belief that as long as a country is on a gold standard all is well.

And again:

> For upwards of six years our monetary authorities fought a losing battle on ill-chosen ground.

Referring to Great Britain going off the gold standard he said:

> There has been no inflation in Great Britain through her going off the gold standard. The cost of living is about the same.

Just here I should like to make my stand clear in reference to money being put into circulation. Often it has been charged by hon. members, I believe quite innocently, that we in this corner of the house want unlimited inflation, unlimited amounts of money put into circulation. I want to say quite plainly, speaking for myself and those around me, that in not one single instance in the past ten or eleven years has any member of this group advocated uncontrolled inflation. However, I do stand very definitely for sufficient money to be put into circulation to carry on business and enable all goods and services to be exchanged that are made and needed.

Mr. ERNST: Hear, hear; hence my question.

Mr. SPENCER: Until we do get that condition we have not sufficient money in circulation. Referring again to the circulation of gold and the fact that those debts payable in gold can be met, I have only to point to the world debts which are payable in gold. These debts total something like four hundred billion dollars, whereas there is only eleven billion dollars of gold in the world. Sometimes it is necessary to point out that money, or credit, is made largely in three ways; we have the mint, the printing press, and the banker's ledger. From the mint we have only about $32,000,000 or $34,000,000 of subsidiary coin; from the printing press we have obtained only a small amount of the money or purchasing power compared with the total in Canada. But, as was pointed out by the hon. member for Macleod, there is practically no limit to the extent to which the banker may go in extending and controlling the credit of the nation. We impose very severe penalties indeed upon anyone who tries to increase the amount of money in circulation, whether it is by way of one dollar bills, five dollar bills or twenty-five cent pieces; we call such people counterfeiters. A bank, however, through its bookkeeping system, can bring into existence thousands or millions of dollars of new money, drawable by cheque, simply through taking securities as collateral, and nothing is done about it. But when this new money is put into circulation it must have the effect of altering price levels, and this is where we base our complaint with regard to so much power being placed in the hands of private corporations. I think this is why we need a federal bank in the worst way. The other day someone said to me that the Finance Act is like a slot machine; there are ten banking houses in Canada who can bring securities at any time and get in return dominion notes. In so doing the price levels must be affected, and this is something that should not be left to private institutions.

In conclusion, Mr. Chairman, I should like to put on record a statement by Professor Soddy of Oxford, a well known critic, with regard to the financial problem. He said:

> Another and most important fact to be emphasized is that virtually all the money in the hands (or banking accounts) of the community originally came into existence in the form of loans from the banking system. It can come from nowhere else, nor otherwise than as loans. This fact, which reverses all the old concepts of loans as money taken out of preexisting deposits is demonstrated fully in Major Douglas's works, and, in fact, has since been endorsed by Mr. McKenna, the chairman of the Midland Bank.

The CHAIRMAN: Are we not wandering very far from the subject of the bill?

Mr. SPENCER: I will be through in a moment. Professor Soddy goes on to say:

> The order of procedure is as follows:
> (1) Money is printed or written into existence by the banks;
> (2) It enters circulation as a loan to somebody;
> (3) It is then spent, and then becomes a "deposit" in the name of the receiver.

I think I am in order in reading that, because we are asked in this bill to give the government the right to suspend the payment of gold for dominion notes. I shall support the bill but I would support with better grace the elimination of the whole subsection 3 of the act.

Mr. MACKENZIE (Vancouver): Before the six o'clock recess I made a statement to the committee to the effect that the committee in England had come out for the abandonment of the gold standard as the basis for internal currency. I take as my authority for that the report of the Federation of British Industries to which I referred the Minister of Finance. I wish now to place upon Hansard the actual quotation from the Federation of British Industries in analysing the Macmillan report.

Mr. BENNETT: It was the Macmillan report with which I was dealing and nothing else; I did not deal with the Federation of British Industries.

The CHAIRMAN: This is a bill giving the government power to suspend the redemption of dominion notes in gold. I do not think the hon. gentleman is in order.

Mr. MACKENZIE (Vancouver) I am discussing the bill. I know what it means. The report reads:

> The Macmillan committee has come out boldly for the complete abandonment of the theory

that gold is required as the actual basis of internal currency, for the maintenance of an entirely disconnected gold reserve for exchange purposes. The rigid linking up of gold and currency which compels the contraction of domestic credit is an objection to a system no longer required to maintain public confidence.

I wish to refer my hon. friend to the quotation just made by the hon. member for Macleod directly from the Macmillan report. I find also on page 66 of the Macmillan report the following:

In the third place, it is not necessary that the volume of note issues should continue to be regulated, as it is now, by reference to the amount of gold held in reserve.

Again on page 123, subsection (iv) of article 289:

There is also a further principle of central banking of a somewhat different character which must be observed if central banks are to be in complete control of the situation, namely, that central banks must not be unduly limited in their power to expand their deposits otherwise than against a corresponding increase in their holdings of gold or the equivalent of gold.

The sense of the report all the way through, as I have read it—and I have read it more than once—is practically as advocated by Sir Basil Blackett, that gold is no longer required as a basis for internal currency, but only as a basis for meeting maturing obligations.

As regards the bill, to my mind it is a complete anomaly. It provides:

Dominion notes shall be redeemable in gold on presentation at branch offices established, or at banks with which arrangements are made for the redemption thereof as hereinafter provided. The governor in council may from time to time, and for such period or periods as he may deem desirable, suspend the operation of this subsection.

In my opinion the governor in council, under this bill, is taking power to do something that has been in actual operation for several years. I regret I missed some of the debate this afternoon, but the Minister of Finance suggested that this was a bill that was more or less hand in hand with the Export of Gold bill of last year. I fail to see any close alliance between the export of gold and the suspension of the redemption of dominion notes in gold. I wish to differ from my hon. friend from Macleod (Mr. Coote) who said this afternoon that this was the final abandonment of the gold standard. If he means the gold standard in the technical sense as it is known to economists and technicians, we abandoned it in the autumn of 1929. We abandoned the parity of gold with currency and when we inferentially, by arrangement with financial institutions, prohibited the export of gold, we were off the gold standard. It is quite true that since that time we have been on a gold exchange basis with regard to the alleged gold backing for our currency, which is supposed to be a 40 per cent backing, but was 39.3 when I got the last report from the department; but here we have in practice an actual abrogation of the terms of the statute because dominion notes have not been redeemable in gold since we went off the gold standard, since before October, 1931. Now the Minister of Finance is asking the house to give to the governor in council power to do something they are doing now without any authority whatsoever, just as the government in 1929, without availing themselves of the provisions of the Finance Act, effectually prohibited the export of gold by arrangement with banking and financial institutions and without an order in council under peace, order and good government legislation. So we have had a violation of this section in practice possibly by both administrations for the last three or four years. Now the government by this bill is asking the house to give the governor in council power, at whatever time it sees fit, to suspend the redemption of dominion notes in gold. We should do one thing or the other: keep the statute in force as it used to be and see that it is legally observed, or eliminate the clause altogether and do what the hon. member for Macleod suggests, namely, effectually abandon the gold standard in so far as gold is required as a basis for our internal currency. We must separate fundamentally the gold exchange standard as a basis for our internal currency and our monetary gold stocks as a basis for meeting with goods and services our external obligations as they mature.

Mr. COOTE: I should like, in reference to what the hon. member for Vancouver Centre has said, to say that I do not think I said this afternoon that we were now abandoning the gold standard legally. Prior to this time we had been legally on the gold standard except for the export of gold, but actually we had been off it. I would like to see us actually and legally off it; I would like to see legal conditions brought into accord with actual conditions.

If I might, I should like to come back to the practice in force since September, 1931. In a return brought down lately, number 239A, I find that the following telegram was sent by the Department of Finance to all assistant receivers general in Canada:

September 22, 1931.

Make no payments in gold more than $1,000 without instructions from Ottawa. Wire daily

amount of gold paid out and forward names and addresses of those receiving it. Urge banks when applying for notes to take small legals during present crisis.

The question I would like to ask the minister is whether the department had any legal authority to send out such an order to its assistant receivers general and, if not, why was not payment of gold for dominion notes suspended by order in council? Did the government at that time not have power under the Unemployment and Farm Relief Act to suspend the provisions of the section which it is proposed to amend by this bill?

Mr. BENNETT: The present Minister of Finance was not then in charge of the treasury. The question is one of weighing again the effect upon our external situation in a moment of crisis and we took the course which we thought would do us the least harm, namely, prevented the export of gold. It was that action which was taken in September, 1931, to meet the then situation.

Mr. MACKENZIE (Vancouver): Was it not October?

Mr. BENNETT: No, September, 1931, when England went off the gold standard and we passed the order in council preventing the export of gold.

Just one word that I think may be useful to the committee. The hon. gentleman quoted from Sir Basil Blackett's Planned Money as to what money was, and he said: "notes were of value for what they would buy in goods or services." That is exactly the point so far as our notes are concerned. We have so large an obligation to meet in New York that we have to buy United States notes or bills, gold certificates or gold, and it is just my point that that is a service which has to be bought and paid for; that the value of our dollar depends upon the service it will buy in the way of exchange on New York, and that unless metal coverage were behind our dollar to the extent it is, it would sink more and more in value to a point where it would take too many of our dollars to buy a United States dollar in exchange for the purpose of liquidating our obligations, thus rendering it impossible for us to meet the situation. A better illustration of the reason we are trying to maintain our dollar amongst the currencies of the world could not be given. Just as Sir Basil Blackett says, it is an exchange service. We have to buy American dollars to the amount of about one million dollars every working day for which we have to pay in Canadian dollars, and the simple problem is how many Canadian dollars do you need to buy New York exchange for the obligations we have there to pay?

[Mr. Coote]

Mr. COOTE: I do not know, Mr. Chairman, whether you will consider me in order if I once more discuss the possibility of buying New York exchange with Canadian dollar bills. The Prime Minister told us last year, and he said it very well too, that we do not buy American exchange with Canadian dollar bills.

Mr. BENNETT: We do in part.

Mr. COOTE: But these Canadian dollar bills come back the next day. If we are going to continue to meet these foreign obligations, and we have been meeting them with 25 cents a bushel wheat, which is ruinous to the producer, and similarly to the producers of pulp and paper and lumber and fish and cattle and hogs, it is time the producers got a better price. If they do not, their production is bound to drop off, and it is only out of the proceeds of that production that we can get foreign exchange to meet our obligations in New York. To continue meeting our foreign obligations, our exports must be kept up because it is from that source that we get the bulk of the exchange we need to meet these obligations.

It was pretty hard to hear exactly what the Prime Minister was saying. I cannot understand why it would not have been better for the government to suspend the redemption of notes in gold by order in council than by letter to the assistant receiver general. Surely it is better to do these things in a legal way than in an extra-legal way—I do not know if that is the correct term. We should follow the same method that was adopted in England where the law was amended. We do not yet know whether the minister will suspend the redemption of notes in gold after he is given authority. The government had this authority in September, 1931, I understand, and if I am wrong I hope the minister will correct me.

I, as a Canadian, am concerned to see government action in this matter. It is very important to us that the law governing legal tender should be lived up to. Is the government going to continue to override the law, as I am sure they have been overriding it? I think we should be given some good reason why that has been done or we should be given the assurance that from now on the government will take the necessary action to bring the legal situation into line with the actual situation. We know that the act requires the paying out of gold for dominion notes. If we give the government this authority, will they suspend redemption of notes in gold? I think we ought to have that information.

There is one other question I would put to the minister: Has the government out of the proceeds of gold which it has sent to New York establishing credits there, given exchange to certain persons or corporations, provincial governments, municipalities or anyone else, at rates of exchange more favourable than the prevailing rate? I think the committee would like to have that information. I have met many people in Canada who think that we should have that information. I do not know whether the minister can give it or not.

Mr. RHODES: As I told my hon. friend this afternoon, in the great majority of cases our export of gold was for our own purposes, but we have made gold available on occasion to provincial governments in part. Sometimes we have had to assist them by way of the purchase of exchange depending on the amount of gold available, but in all cases we have charged them the going rate.

Mr. POULIOT: If I understand correctly what was stated this afternoon, there is a certain amount of gold held in reserve as backing for dominion bonds, quite a large proportion of which are not guaranteed except by the resources of the dominion. Would it not be possible for the government to adopt bimetallism so that in this country we could have both the gold standard and the silver standard working together? That would be very easy in this country where we produce both gold and silver. Then the dominion currency would be fully backed not by something mythical but by something real, by gold and silver. This is a question which has been widely discussed. It is one with which I am sure both the Minister of Finance and the Prime Minister are familiar, and every member of the house will recall that the Minister of Trade and Commerce dwelt at great length with this question in the early part of this session and also last year. In times like these, if the only backing of the dominion notes was confidence, could there be much trade? I do not believe that confidence means so much in trade. Confidence in trade is the sentiment of one party that good business can be done with another party, but when one party gets practically nothing in return how can that kind of unilateral trade bring prosperity to a nation? I would therefore ask the Minister of Finance to study this important question of bimetallism with his distinguished colleague the Minister of Trade and Commerce in order that we may have a backing of both gold and silver for dominion notes.

Mr. IRVINE: We have had one of the most interesting discussions on the financial question which I have heard in this house for ten or twelve years. I have been very much interested in this question both since I came here and before, and I am glad that at last it has become of such interest as to be discussed by hon. gentlemen who occupy the front benches of the opposition and to be answered seriously by hon. gentlemen on the front benches opposite.

We have had from the Prime Minister (Mr. Bennett) one of the ablest defences of the gold standard which I imagine could be put up. I do not wish now to prolong this discussion and weary the house with a dry as dust debate, but while the Prime Minister's speech was very able indeed, and while he raised every point that it was possible to raise in defence of the gold standard, I want to register my objection to his conclusions. I do not agree with them. I believe that in every fundamental point which he raised he was vulnerable. I believe that his argument could be not only successfully challenged by the facts but successfully refuted.

During the course of his remarks the Prime Minister pointed out that practically all countries of the world had adhered to the gold basis, and so forth. But it does happen that we have come to the time when nearly all the countries of the world have abandoned the gold basis because it has been discovered to be entirely impracticable. No matter how well it may have answered at certain times in the past, it has been unable to keep pace in its volume with the increase in the production of wealth in the various countries of the world. To imagine that you can increase your wealth and production ad lib, and not increase your gold correspondingly, and still have a gold basis, is on the face of it ridiculous. I cannot see why gold cannot be used for international balances as it has been used in the past without at all affecting our currency in Canada. I think that matter was involved in the question raised by the hon. member for North Bruce. In my view we are indebted to him for having brought up a matter which resulted in such full discussion. He spoke concerning the difference between the dollar and a bond, and answered his own question in that regard by saying that as far as he could see the dollar bore no interest, and the bond did. I am not satisfied with the Prime Minister's statement in reply to the hon. member for North Bruce. As a matter of fact, so far as the obligations of Canada are concerned there is no difference between bonds and dominion notes. She must pay a dollar for the dollar, and a dollar for the bond, just the same. But there is the

difference of interest charges the bonds being interest bearing. I cannot see how an increase of currency in Canada, regardless of a gold basis, will affect what we have to pay abroad. In spite of the Prime Minister's argument that is not clear to me.

If, for instance, we have to pay $100 in New York and our money is depreciated by twenty-five per cent, we pay the $100 in gold. If on the other hand we have to pay $100 and our dollar is at par, and if we still pay in gold, we pay exactly the same amount of gold in one case as we do in the other, regardless of whether or not our money is at a depreciated value. Then I venture to suggest that the Prime Minister's interpretation of how we pay our obligations abroad was somewhat misleading, inasmuch as we do not pay our debts in New York with Canadian legals; we pay with goods, or with gold, if we pay at all. We would not affect the payment of our obligations abroad by an alteration in our money value, since we pay them in goods. We would not affect it if we paid in gold, because we do not affect our amount of gold by changing the value of our dollar. Therefore in either case I cannot see how we would be jeopardized at all in the payment of our obligations in gold by making an alteration in our currency at home.

The Prime Minister stressed the point that confidence of people abroad in our bonds made our bonds more valuable than our dollar, and that confidence had been established through the years by the fact that we had paid when the bonds were due. But we paid in what? We paid in goods when the bonds were due. And unless something has occurred which has impaired the wealth of production of this country there is no reason why any foreign debtor should lose confidence in Canada, because as long as she can produce wealth Canada can meet her obligations abroad in wealth—and I imagine that is all any country in the world can do. If they cannot do it that way, certainly it cannot be done with gold. People abroad are not such fools as we imagine. The fact that we have only forty per cent of gold to back our notes in circulation in Canada is known abroad, and to think that they imagine that we can reedem our bonded indebtedness in gold is to attribute to them imbecility. They know perfectly well we cannot do it, and neither do they expect us to do it. But we can do it in goods, and I suggest it is a sound theory that credit and currency in our own country should be based upon the wealth of the country.

Bill reported, read the third time and passed.

[Mr. Irvine.]

UNEMPLOYMENT AND FARM RELIEF

CONTINUATION FOR ONE YEAR OF PROVISIONS OF RELIEF ACT, 1932

Hon. W. A. GORDON (Minister of Labour) moved the third reading of Bill No. 55, respecting relief measures.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I promised the right hon. leader of the opposition (Mr. Mackenzie King) that before this bill was finally dealt with a provision would be inserted to prevent the possibility of orders in council being passed under the provisions respecting peace, order and good government while parliament was in session. This matter could be dealt with in another chamber, or we could deal with it here, whichever the right hon. gentleman prefers.

Mr. MACKENZIE KING: I believe it would be better to do it here.

Mr. BENNETT: I would move, seconded by Mr. Rhodes:

> That the said bill be not now read the third time, but that it be referred back to the committee of the whole for the purpose of amending as follows:—
>
> "That subsection (b) of section 2 be stricken out and the following substituted therefor:
>
> "When parliament is not in session, to take all such measures as in his discretion may be deemed necessary or advisable to maintain, within the competence of parliament, peace, order and good government throughout Canada; and at all times to take all such measures as in his discretion may be deemed necessary or advisable to protect and maintain the credit and financial position of the dominion or any province thereof."

I have given a copy of the proposed amendment to the right hon. gentleman opposite, and I believe it covers the point he made.

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

The CHAIRMAN: The Prime Minister has moved an amendment.

Mr. MACKENZIE KING: Mr. Chairman, as the Prime Minister has said, this amendment does meet the point I raised the other day, namely, that unless an amendment were made we would be in the anomalous position of giving the governor in council power to pass orders in council which would override while parliament was actually in session any legislation this house might pass. It seemed to me that that was going a bit too far. While the amendment does meet the one point raised I should not like it to be assumed that in its present form the bill is by any means acceptable.

Mr. BENNETT: I understand that.

Mr. MACKENZIE KING: It is far from that. Even with the amendment now proposed we are giving to the governor in council powers with which that body should not be entrusted at any time. May I make my point clear in this way; this amendment gives to the governor in council, notwithstanding the provisions of any statute, power to—

—take all such measures as in his discretion may be deemed necessary or advisable to maintain, within the competence of parliament, peace, order and good government throughout Canada, and to protect the credit and financial position of the dominion or any province thereof.

This afternoon we have been enacting legislation which would place the governor in council in a position to meet a financial crisis. I believe that is the proper way to proceed, namely, that parliament shall pass what enactments are in its opinion necessary to meet each and every situation. When parliament has done that it seems to me parliament has done all that can be expected of it, and the governor in council has all the powers he needs. At any rate, if while parliament is actually sitting, the governor in council needs any additional power to meet a financial crisis or any other situation, he has in parliament the agency at hand to give him that power at a moment's notice. The other evening the Prime Minister said that something might happen between eleven o'clock at night and three o'clock the next afternoon which would require immediate action on the part of the government. If a situation of that kind did present itself I venture to say that if the governor in council took action which he thought necessary, though not wholly in accord with some statute, the Prime Minister with the majority he has could come to the House of Commons immediately with the utmost confidence that the house would at once legalize the action which had been taken. In fact this afternoon the Prime Minister referred to the Bank of England having taken at one time to meet an emergency, a step that was illegal, and parliament forthwith passing an act indemnifying the bank against loss for its action, and protecting the situation in that way. My thought in all this does not spring from any desire to be querulous over the powers to be given to the governor in council, but is rather due to the regard I have for the pride and security which the people of the country have in their parliamentary institutions, and for the wisdom of preserving in all things the power of the commons, and of parliament to the greatest extent possible.

The Prime Minister this afternoon in speaking of financial matters laid great stress upon the place that gold has in maintaining the credit of a country. He spoke of the metal coverage as being all important in internal and international relations. If I may apply the parallel which comes to my mind at the moment, I would say my thought is that the brains of this House of Commons are after all the real asset of this nation in dealing with its problems, and that the common sense coverage of hon. members of the House of Commons as a whole is a much better security for the nation than the action that the governor in council may take at any particular moment in endeavouring to deal with a particular situation. I do not believe that we in Canada need these arbitrary powers, or anything resembling the dictatorships of other lands. I believe every step we take in that direction is leading us towards the abyss that we want to escape. After all the great security of British countries lies in their free institutions and in the free expression of opinion in their parliaments by the representatives of the people with regard to all questions that may arise. It is on that ground in the main that I do not like this legislation, and that I take exception to the particular section we are amending. I wish nevertheless, to thank the Prime Minister for helping to save the face of the entire House of Commons by providing that while we are actually in session the governor in council shall not be permitted to override by orders in council the legislation which we may be passing at the same time.

Amendment agreed to.

Bill reported.

Mr. SPEAKER: When shall the said bill be read the third time?

Mr. BENNETT: With the consent of the house, now.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Before the bill is read the third time, I do not wish to repeat the arguments that have been put forward so emphatically in the different stages of the measure up to the present, and with equal force and emphasis in preceding sessions of this parliament when similar measures were enacted. Especially would I refer to what was said on April 1, 1932, on the third reading of the relief bill of that session. But I do feel that inasmuch as everything that is done here counts later as a precedent, and particularly as hon. gentlemen opposite in regard to this very measure have urged that one of the reasons it should be allowed to pass now

without obstruction of any kind is that the house has passed similar legislation on one or two previous occasions, it is important that we on this side who take such strong objection to it should again register our protest against the measure in the form in which it is going through. I want to make it perfectly clear, as I have said over and over again, that we are ready to vote any sum that is needed for unemployment relief, provided the minister will name the amounts he requires for that purpose and will give reasonable grounds for naming such amounts. But we take very strong exception to violating the very foundation on which in its constitutional aspect the English system of finance, and the rules of financial administration are based, namely, the principle of supreme control by the House of Commons over taxation to which the right to control issues is a natural corollary. Viewing this bill as we do, as the negation of government by parliament, we cannot countenance its passing a single stage that it is within our power to prevent. It is the negation of government by parliament, in the first place, asking as it does this House of Commons to give the governor in council a blank cheque; giving the governor in council power to dip into the treasury for any sum of money he wishes, and, in the terms in which the bill as it now stands, for practically any purpose he wishes. That is entirely contrary to the proper procedure of parliament in dealing with expenditures and taxation. The practice should be that the objects for which the moneys are required should be named, appropriations should be definite in amount, should be voted for specific purposes, and the House of Commons should have the right and be in a position to follow every appropriation to its destination and make sure that the moneys appropriated are applied exactly as they are intended to be applied, and accounted for to the smallest detail.

In the second place, the measure gives to the governor in council blanket authority in the matter of legislation. Here again it is the negation of government by parliament. The power is given to legislate on everything respecting peace, order and good government. That might be shortened by dropping out all the words except the word "government," giving the governor in council power to do anything he wishes with respect to the carrying on of government. That is what it means. And that notwithstanding any statutes that may exist. I think that is entirely wrong. We have had recently the suggestion of giving to the war veterans the choice between continuing to receive their salaries as civil servants, where they are civil servants, and retaining their pensions. Sir Arthur Currie the other day took strong exception to parliament dealing with a matter affecting war veterans' pensions except under the Pensions Act. Sir Arthur was perfectly right in that, but I am amazed that those who, like Sir Arthur, take exception on that score, which relates to but a single enactment, are apparently prepared to stand silently by and see the House of Commons part to the governor in council with all of its enactments, and allow the governor in council, under the guise of legislating for peace, order and good government, to pass, notwithstanding any statute of this parliament, whatever orders in council he may please when parliament is not in session. After all to legislate is the function of parliament; legislation is not the function of the executive. The constitution gives certain powers to the executive for administrative purposes, to the judiciary for judicial purposes, and other powers to parliament for legislative purposes. Legislation is the function of parliament, it is not the function of the executive, and when the executive seeks to take from parliament the power of legislation it is taking away practically the whole basis on which parliament itself rests.

There is a third objection to this legislation from the point of view of its ignoring the established practices and methods of procedure of parliament. It gives to the provinces grants in aid out of the public treasury in a manner which precludes any proper supervision of federal expenditures.

We have had this legislation, or enactments substantially the same, for considerably over two years now, and while our objection to it at the outset was based principally upon what it would mean in the way of extravagance and waste of public money, we were overruled in our objection on the score that it was likely to be but for one year, and that the end would later on justify the means that had been taken. The country has had opportunity to see whether the end does justify the means. I think the people are now discovering that the free hand given the administration, combined with its method of dealing with the unemployment problem has been a very expensive one. The people are beginning to realize what it is going to cost them in the price of sugar, in income tax, and other taxes. It is all very well for the nation to become aroused over the additional taxes put on, over increases in expenditure and over the fact that we are not balancing the budget. But here is where the increases are taking place. They are occurring primarily because of the method which the government has adopted in dealing with the unemployment problem.

Anyone who listened to the minister as he was explaining how money had been spent under the act must have felt that the whole business was very slip-shod and haphazard indeed, and that so far as the minister and the government were concerned there was no real control at all over expenditures. What happened? We questioned the minister time and again as to how such and such expenditures came to be made—how it was, for example, that the navy league in Toronto got a contribution from the federal treasury to help it out. The minister's answer was that the Ontario government had decided to give the navy league a particular power. In another instance the explanation was that some municipality had decided upon a certain method of spending public money, the province had to help the municipality, and the dominion was committed by its system of dealing with these matters to help the province. And so it has proceeded from the start.

The ministry recognize no responsibility in the matter of expenditures beyond seeing that the money gets out of the federal into the provincial treasury. Now that is a thoroughly bad principle. It is bad in two ways. In the first place, it induces the municipalities and the provinces to engage in expenditures which they would never think of incurring except on the strength of a percentage grant from the federal treasury; and in the second place it is bad because it does not enable the federal government to follow up the expenditures of its own moneys, the moneys of the people, to see whether these expenditures have been made in the most economical manner possible.

I believe, from what we have heard in the last day or two, that many of the provinces and municipalities have pretty well reached the limit of their capacity to carry on their own business. Indeed, we have been told that part of this money which we are voting is used to meet current expenses of at least one of the provinces. The government is loaning money on the one hand to the province and on the other advancing the province the wherewithal to pay back to the federal treasury the interest on its own loans. That is the sort of thing that is being done under this legislation. So long as that practice keeps up it simply means that in Canada we are heading towards bankruptcy.

The Minister of Finance may come and plead with the house that on ordinary expenditures he has pared things to the bone; but this expenditure is as much a charge upon the treasury as any other, and it is running wild with the taxes of the people of Canada to have money spent in the fashion it is. At the very beginning we on this side of the house urged as strongly as possible that a conference should be held between the dominion and the provinces, looking to some financial readjustment; we insisted that there ought to be an arrangement whereby the provinces woud secure what they were entitled to in the way of federal subsidies, and that a stop should be put to grants in aid in addition to subsidies. Grants in aid I believe were never intended by the fathers of confederation; I do not think they contemplated that such grants in aid should be made in addition to the regular subsidies.

It is perhaps not too late yet, and this is the only opportunity that may be available to urge this upon the ministry, to effect the necessary readjustment. I do say that while further borrowing is going on on the part of the provinces and municipalities the government ought to see that some arrangement is made whereby these moneys which we are voting to the provinces for relief purposes will not be made the means of enabling the provinces to continue carrying on a number of services which they are really unable to carry on by means of their own taxation. I venture to say that one of the effects of the money paid out of the federal treasury for relief purposes has been to cause the provinces and the municipalities in different parts of Canada to carry on a number of services which they would have abandoned long ago had we not been supplementing their treasuries in the way we have done; and if the federal government goes on supplementing provincial treasuries ad libitum in all parts of the dominion, then I say we can never hope to get out of the morass into which we are sinking financially as a consequence of such expenditures.

If parliament will designate the uses to which this money is to be put, and will exercise its own supervision over federal expenditures, I believe this House of Commons will be prepared to do its share to as large an extent as could possibly be desired in the endeavour to solve the unemployment problem. But the practice of having one authority raise the revenue and another authority spend the money thus raised is absolutely wrong. It is not a sound principle, and so long as it continues it will spell disaster to the financial operations of this country. The only body that has the right to expend moneys is the body that raises what is required by taxation, and vice versa.

May I say to the minister and to the government that in my view, another strong objection to the measure is that it gives no evidence of any comprehensive, coordinated, constructive policy on the part of the administration in

dealing with this great problem of unemployment. It should have afforded the basis for a truly national people's movement which would have linked up the activities of individuals or organizations, municipalities and provinces in one great national endeavour to provide work and sustenance for all. After all, unemployment is the greatest problem before the people of Canada at the present time. The ministry to-day is simply washing its hands of any direct obligation in the matter apart from contributing money out of the federal public treasury for other public bodies to spend. That has been the mistake from the beginning. The government at the outset should have had its own policy and, in so far as federal moneys were being spent, they should have been spent under the direction of a commission which would have accounted for every cent to the ministry, and through the ministry, to parliament.

I intended, when speaking about the extent of controlling expenditures, to observe that an anomalous feature of this act is that the only limit that is stipulated anywhere with regard to any amount is that which is fixed in one of the clauses of the bill as to what is to be paid out in direct relief. What irony there is in the fact that in a relief measure which covers expenditures for almost everything the only thing limited in amount is the money that is to be spent in actual direct relief. As regards everything alse—and the ministry is practically free to use a blank cheque for any purpose—there is no limit whatever.

Another objection that comes to my mind is this. While this measure purports to be an act to aid in the relief of unemployment, it is in reality for two other purposes as well, purposes that are anything but justified in the light of existing circumstances. One of these purposes is to enable the ministry to carry out some of its policies in other directions, policies which are apart altogether from relief. For example, the ministry has a certain policy under the Canada-United Kingdom trade agreement. We were told that agreement would promote trade between the United Kingdom and ourselves. As a matter of fact, that agreement has not promoted trade to the extent which the ministry expected or hoped it would. What are they now preparing to do? They are going to use part of these unemployment moneys to subsidize the export of commodities from Canada to Great Britain; when the Minister of Finance comes down with his financial statement a year hence we will not be told that the cost of subsidizing this export trade is part of the ordinary expenditures of Canada, expenditures chargeable to the promotion of trade; we will be told that it is part of the expenditure on unemployment relief. That is wrong. More than that the minister knows, as I know, that included already in amounts that have been named for unemployment relief, so-called, there are charges that ought to have been made against the mounted police vote, representing money required for the purpose of increasing the mounted police force; there have been expenditures for railway ties amounting to over a million and a quarter dollars which should have been charged to the railway account. There has been legislation respecting amendments of the Bank Act and the Insurance Act and matters of the kind which should never have been dealt with under relief, but rather under the appropriate enactments, and discussed in parliament in relation to that legislation. So I say the act commits us to a number of objects which we should not be asked to be committed to at all in any measure relating to the relief of the unemployed.

The other great objection, Mr. Speaker, is that under the guise of dealing with a condition of distress, and largely because of existing fear that out of this distress some critical situation may arise, we are being asked to establish a dictatorship in this country. This power given to the governor in council to do anything at all in the name of peace, order and good government, with an open treasury at hand, would enable the governor in council if it was so desired, as I mentioned in a previous discussion, to bring an army here to overawe parliament. That could have been done legally under this measure but for the adoption of the amendment which was passed a moment ago, even though parliament was in session at the time, no matter how parliament might protest under its own laws. They may wish a Mussolini in Italy, a Stalin in Russia or a Hitler in Germany, but we do not need a dictator in Canada; we do not need anyone exercising that sort of arbitrary autocratic authority in this country, nor do we wish Canada to be placed in the same category as those other countries in dealing with any domestic situation. I cannot repeat too often, Mr. Speaker, that the pride and security of British peoples with respect to all such matters lie in their parliamentary institutions, and this parliament is the body to which the people of Canada must and have a right to look to have taxation controlled, and for peace, order and good government in the true sense of the words. The less we get away from relying upon the will of parliament as a whole, rather than upon the individual will of a few men, no matter how

well intentioned, how earnest or how anxious they may be, and the more we rely upon the common will, the better it is going to be for everyone concerned.

It is little short of a tragedy, Mr. Speaker, when we consider that this parliament has been meeting now for almost three years, and that during all that time we have had this great unemployment problem before us as the most urgent of all problems and that there has been hardly any general discussion of that problem in this House of Commons. I refer particularly to hon. members on the government side of the house. How many members on the government side have given this House of Commons and the country the benefit of their knowledge of conditions in the communities from which they come? How many suggestions have we heard from across the way which would help meet the situation or assist in bringing about a constructive, comprehensive, coordinated policy? For the most part hon. gentlemen opposite have been wholly silent; they have left everything to the ministry, which has obtained from this parliament these absolute powers to do as it pleases. Now we are beginning to discover the cost; we are beginning to find that the moneys we have been spending are running up into colossal figures. I think the minister told us that in two years and two months which had elapsed at the time the estimate was made they have spent or loaned to provincial governments, with very little chance of being repaid, something like $115,000,000. I suppose if we keep on for another two years another $115,000,000 or more will have been spent in the same way. What does $115,000,000 represent? It represents more than the total expenditure of Canada in any one year prior to the war. We cannot go on spending $115,000,000 every two years under these blank cheques and this blanket authority and not expect the financial condition of this country soon to reach a point where the whole credit of the nation will be threatened, if indeed that point has not been reached already.

For the reasons I have mentioned, Mr. Speaker, including the fact that apparently the government has no policy except the dole to the extent of $20,000,000, no constructive way of dealing with this all-important situation, we on this side of the house must strongly oppose the third reading of this bill.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, some of us are opposed to this bill but for reasons altogether different from those expressed by the right hon. leader of the opposition (Mr. Mackenzie King). The right hon. gentleman feels very strongly that the constitutional aspect of the question is the important point. When the second reading of this measure was under consideration I voted with the leader of the opposition, not because I agreed as to the constitutional side of the question but because I objected to the limitation of $20,000,000 as the amount to be spent for direct relief. It seems to me that the constitutional point may be easily overdone. I recognize that there is a danger of giving the government very great and indeed almost dictatorial powers, but may I submit that to a large extent the government has those powers to-day, though they are not so complete as those to be conferred under the bill now before us.

The right hon. leader of the opposition spoke of parliament having been sitting for three years, and he said it had been almost impossible to get a full discussion of this matter. I submit, Mr. Speaker, that this is what we must expect under our present party system. The government has a clear majority of twenty or thirty; of course they can carry through any measure they may desire, and we are reduced to nothing much more than a debating society. I think we must recognize the actual position. We get up and utter our protests; we repeat them again and again, but we all know perfectly well that when all the protests are finished, under the present system the will of the government must prevail. So I do not think there is any use trying to deceive ourselves in the matter. The trouble is that as it is constituted to-day parliament is ineffective, and it seems to me that we must either reorganize our way of doing business in this country or if the business of the country is to be carried on we shall have to put up with some sort of dictatorship. I agree that to a considerable extent we have that dictatorship now, but by this measure we are simply taking another step in that direction.

Let me suggest, Mr. Speaker, that matters were not so very different before this government came into power, particularly with regard to unemployment. Some of us did our best to get the late government to act, but they sat tight and refused to do anything month after month and indeed year after year, though unemployment was gradually growing worse. I would rather give dictatorship to a group who would go ahead and help solve the problems facing the country than simply discuss matters here indefinitely and get nothing done. It is not so much the dictatorship I object to as the fact that the dictatorship is under a group of people having the ideals of the present government. I find that during these days the government is worrying about the

protection of our credit and the financial position of Canada. I am not oblivious to the need that our credit and financial position should be protected, but I think there are other things a great deal more important. If we give great powers to the Dominion government and they proceed to use those powers in order that the banks and insurance companies may write up and keep written up their assets, and in order that loans may be made to the railways, I would say that the result will be disastrous indeed for this country. That is one consideration which makes me hesitate in giving more powers to a government that is so definitely committed to the priority of the financial interests of this country and that has so far so sadly neglected the interests of the great masses of our people.

There is, however, one consolation I have in the government taking this power of peace, order and good government, and that is that it effectively removes the objection that has been given us for weeks and months past, namely, that the government could do nothing in this matter because of lack of jurisdiction. We have been told again and again that this problem of unemployment was primarily one for the municipalities, secondarily for the provinces, and that only in the last remote contingency should the government of the dominion step in to do anything in regard to the matter. On the government's side constitutional questions were raised that they could not interfere with the jurisdiction of the provinces; that the latter might resent this kind of thing and so forth. I am glad to think that with these powers being taken over by the dominion government, there is absolutely no further excuse for inaction on their part.

Mr. BENNETT: If the hon. gentleman will direct his attention to the statute, he will observe that this is within the legislative competence of parliament; there is no destruction of provincial jurisdiction.

Mr. WOODSWORTH: Yes, but these are practically war measures, and in time of war almost anything comes within the legislative competence of parliament. These are the residual powers of government. I hope the Prime Minister will not try to evade the responsibilities of the power that he is taking by this legislation.

There is no reason why under this bill the Dominion government cannot give relief directly and on any scale it likes to individuals in any province of Canada. I would, however, point out that as far as we can ascertain, the purpose of securing powers of this kind is not primarily that we may provide for the needs of the unemployed. As the leader of the opposition has suggested, these powers may be used for repressive measures, for instance, still further to increase the mounted police force or of any other body of that kind. That is what I fear. I suspect the government is intent on repressive measures rather than on definite, constructive relief schemes. I would point out, as I have done before, that apart from the comparatively small provision that is being made for the movement back to the land, construction camps and camps under the jurisdiction of the military, the only plan that at the present time the government has put forward is that of providing doles. Several years ago, the Prime Minister said, and I think quite rightly, that what was needed was not the dole but work. That position has now been abandoned and the government says: We do not propose to provide work; we propose merely to provide the dole, direct relief. The only provision that we have at this time is this $20,000,000 to provide for the direct relief of a vast body of people.

Again let me repeat—and I think I shall put this in a way that is correct this time—that in the last year there have been 1,357,000 people receiving relief. As one moves up and down across the country, one cannot but be struck with the very large number of others who are receiving aid through private agencies and many in their own homes, for instance, relatives who are being supported and helped by their families. I should imagine the number who are really affected by unemployment to-day is nearer the 2,000,000 than the 1,300,000 mark. That is an appalling situation and we are proposing to meet it merely by means of the dole, and a very haphazard method, not the regularized one of unemployment insurance, not one by which those who work can directly help those out of work, as under a possible insurance scheme, not a plan that would in any sense give adequate maintenance, but one that gives the least possible assistance with which people can get along.

I do not think I would again have spoken on this subject to-day had I not received this morning a letter from the city of Montreal in which reference is made to a quarrel between the metropolitan area and some outlying suburban district on the question whether one pint of milk should be provided in a given case and whether a child of six or eight years should get or was too old to get the pint of milk that was allowed. It is disgraceful when we do not know whether we can get sufficient milk to provide for the young children of the country, and yet these are the low standards that generally prevail

in many of our communities. It is very easy for the government to reply that this is entirely a provincial or municipal matter; that they do not set these standards; that they have set no limits to what they will do. In practice those limits are already set because the municipalities are so near bankruptcy that they cannot provide anything more than they are at present doing. Under such circumstances, so long as we maintain anything like the present arrangement of the federal government giving one-third, the provincial government giving one-third and the municipality giving one-third, this means inevitable hardships on our people. If we are going to give the dole at all, we should give it on an adequate scale; we should give relief in such a fashion that our people can maintain something like a healthy and decent standard of living.

Mr. YOUNG: Can we do that?

Mr. WOODSWORTH: I am surprised that the hon. member for Weyburn should ask: Can we do it? Does he mean that the babies of this country have to suffer because we cannot finance an adequate relief scheme?

Mr. YOUNG: That is not what I mean.

Mr. WOODSWORTH: Does he mean that we have not the finances to do it? We have under this legislation the power to do it. The next question comes: Have we the finances to do it? I think there are certain possibilities even now of remunerative work. If the babies have not milk, why can we not put certain people to work on farms to produce more milk? If the children have not shoes, why can we not run some of these idle factories and provide shoes for the children? If we are having large numbers of people in our population wretchedly housed, why can we not put at least a certain number of mechanics at work to rebuild some of our slum areas? That is quite possible. There are other works that will not directly supply commodities, great public works that might be undertaken which would supply work to the people and at the same time distribute greater purchasing power among the population generally. I do not think the question to-day is primarily one of producing more necessities, it is rather one of distributing more purchasing power. Under our present wage system, the only way in which we can do that is to employ people and give them wages and then they can buy back what they produce. If people were getting steady wages to-day, they would not need to come to the municipal depots to get milk; they would buy it. If they had decent wages, they would not have to go to charitable institutions for shoes; they would buy them. If they were getting work, they would build their own homes. The trouble is that the people have not purchasing power. They cannot get money without working for it. Under these circumstances it seems to me that what should be given is work that will provide men and women in this country with wages. I do not think that any large majority of the people want to continue on charity, although if we keep on in this way very much longer we shall undoubtedly develop a class of people who will be lazy and look to the government for everything. At the present time most of our people want to work for what they get, but under our present arrangements we are not providing the work.

I think the hon. member for Weyburn (Mr. Young) in his question suggested the real answer so far as the government is concerned, that they cannot finance an adequate relief scheme. The budget however would seem to show that every cent in the form of interest that is demanded on the bonds outstanding has to be paid. The Prime Minister would tell us that that is a part of our national obligation. He would tell us that we must keep faith with the investors, and so on. Well, I should like to stand by all our obligations and keep faith with the investors, but, Mr. Speaker, I submit that we should keep faith with the people of this country who migrated here in order to make a living for themselves and their families, and we should keep faith with the sons of the pioneers who sacrificed one or two generations in order that their children and their grand-children would have a heritage in this Canada of ours. We are not keeping faith with the ordinary people of Canada. We are keeping faith, if you like, with the investors scattered all over the world, as is especially the case with those who hold railway bonds. We must keep faith with them, but what about keeping faith with our own people? There is nothing whatever said about them. We must protect our bondholders. Yes, I would say so, if we can do both, but undoubtedly if we cannot do both the welfare of the men, women and children of this country have priority over that of the bondholders.

Almost every class in the community is taking its loss. The business men have been taking their losses right along for some years now. The wage earners have been taking their loss in lower wages and in unemployment. The civil servants have been taking

their loss in having their salaries cut and their positions in some cases abolished. Now the returned men are having to take their loss if the proposition as put forward in the budget goes through; their compensation is to be cut down more or less by the extent of their pension, or they are given a certain alternative. The effects of the depression are general. Everybody in this country is taking his loss with one exception, and that is the people who hold a mortgage on this country, the bondholders. Up to the present day they have not taken any loss whatever. Other investors have largely taken their losses through the depression in stocks. But not the government bondholders. They must be protected at any cost. I would say that as long as we have in this country as much wealth as is represented alone in the possession of government bonds, there is no reason why this government ought not to undertake adequate relief, and better still, why they should not undertake to provide work through which people would be able to provide for their own needs. In doing that they would provide greater purchasing power and start the wheels of industry going again.

The present bill gives the government practically war-time powers. I submit that if another war came on, we should readily find money to carry on the operations of that war. There is no doubt however that it would be quite possible to transport soldiers to the front. There is no doubt whatever that it would be possible for us to set a great many of our industrial plants going in order to manufacture munitions. There is no doubt whatever that we would set our textile mills and our shoe factories working again to provide the equipment necessary for the soldiers at the front. All that could be done. That in itself is an indication that in this war against poverty, if we took it seriously, we would be able to provide for the needs of the people. There is not the slightest doubt about that. I want to impress upon the government, and if I could upon the country at large, that the government having powers such as are taken by this bill there is no further excuse for not using these war-time powers in order from now on to provide for the needs of the Canadian people.

Just one other word. May I suggest that matters should not be allowed to drift on from year to year? As I said the other day, it seems to me that our whole policy of drift, because that is all you can call this hand to mouth policy, is the result of our impression that the depression was to be of very short duration. I suppose the government would not have taken these emergency powers except with the idea that we are in the midst of an emergency, and yet this emergency has already stretched out for several years and no one has been able to point to any reason why it should cease within the next few years. Unless there is a war or some world calamity of that kind it would seem as if this depression might readily extend for several years more. Even if there should be a little upward move it will mean several years before the vast majority of the people who are now unemployed can get back into remunerative work. Therefore I do plead with the government that there should be some constructive plan by which on a very large scale we can provide public works and stimulate private enterprises as long as they continue to exist, and thus in some measure increase the purchasing power of the people. Only thus can we prevent great masses of our population from being degraded as they are to-day by being kept on the dole, and prevent families from being broken up as they are to-day.

I hardly know how to vote on this bill if it comes to a vote. It is the only measure before us, and I suppose we might be expected to vote in favour of it because it is the only measure. But I do not like it. I think it is absolutely inadequate. I do not like the limitation of $20,000,000, and although I do not object to giving the government great powers I do feel, in view of their expressed sentiments and the record of the government during the last two or three years, that in giving these great powers we are running the risk of giving powers that will enable the government, as they would put it, to protect the credit and financial position of the country rather than to carry out what is the ostensible purpose of this bill, to provide for the needs of the people. I would urge upon the government, and I am sure that in this they can rest assured of the support of the whole house, that even during the remaining part of this session they should deliberately set out to plan some arrangement by which this great problem would be looked after in a more adequate fashion.

Hon. PETER HEENAN (Kenora-Rainy River): Mr. Speaker, had a commission been appointed to look after the expenditure of federal moneys for relief purposes, it would have served to bring out what the Prime Minister and the members of the government at the outset stated was their intention, that the moneys voted by the federal government for relief would go towards wages. I recall that at the time I asked the question, whether the money was intended to be for wages or to assist the provinces in purchasing machinery, and the reply I got from the government

benches was that the moneys voted by the federal parliament were intended for wages. The other evening I pointed out to the Minister of Labour (Mr. Gordon) that there was also another intention of the federal government, so stated by the Prime Minister and the Minister of Labour himself, and in fact the regulations themselves provide for it, and that was that the moneys should be expended in a non-partisan manner. I pointed out to the Minister of Labour the other day where it was shown in the public accounts for the year 1931 that in the town of Kenora there were two hardware stores, one operated by a Liberal and the other by the president of the Conservative association. They were both good citizens; I have no complaint against either of them. In the Liberal store there was spent during the year the magnificent sum of $125, and in the store owned by the president of the Conservative association the sum of about $30,000.

This afternoon I received the public accounts for Ontario for 1932, and I believe the figures I am about to disclose will open the eyes of the Minister of Labour. I am not blaming him any more than that I believe he should have evolved some method whereby federal moneys should be spent in the way the federal government stated they would be spent, namely in a non-partisan manner. In the store owned by the Liberal only $373.76 was spent whereas in that owned by the president of the Conservative association $176,652.06 was spent. That is not fair; it is not right. If there is anything which would make me vote against this bill, it is the fact that I know the moneys are being spent by the government of Ontario in a partisan manner. We find the proof of it when we review the amounts spent in the stores of these two gentlemen. The Liberal has been in business for years, and his father was in business before him. He got only $373.76 because he was a Liberal, and it is quite evident that he had something the Conservative store could not supply, or he would not have got that much. On the other hand the store owned by the president of the Conservative association got business to the extent of $176,652.06. I ask the minister if he thinks that is fair, and if he is going to take steps to see that a square deal is given by the provincial legislature.

Mr. GORDON: For what year are those figures?

Mr. HEENAN: These figures are in the public accounts for 1932, which I just received to-day. I am not suggesting the money was not spent properly, or that proper value was not given. Other times in this House of Commons I have taken up the case of the ordinary labourers against whom there had been discrimination. I have stopped talking about them because I find that there are now hundreds of men in different parts of the country pleading their cause. I drew their case to the attention of the country, and the result is that others have taken the matter up, and consideration is now being given to it by the Ontario legislature.

However, the condition has spread to businessmen. We find that while in one store owned by the Conservative over $176,000 was spent, only $373 was spent in a similar store owned by a Liberal. I do not believe it is right to punish a man because of his political beliefs. The regulations under which the provincial legislature got this money were to the effect that it would be spent without either political or religious discrimination.

Mr. GORDON: There has never been any complaint.

Mr. HEENAN: What is the use of complaining? He would not have got the $373 if he had complained. I know there have been complaints, because time and time again the provincial government has been approached. Further, I would not mind if the workmen were getting what the government promised. Let us take, for example, the general work on the trans-Canada highway. We find that there was spent the sum of $10,839,688.74. Out of that amount $3,817,820.73 was spent for wages. The other amount is for the purchase of supplies, and one thing and another. Then, $12,622.56 was spent for police patrolling the highway. We paid the provincial police department a share of that amount of money. Surely the federal government ought not to pay the provincial legislature for policing of provincial highways.

I could go on, but I do not wish to be accused of being too narrow. In connection with the supply of provisions I shall refer to two Conservatives, because I do not believe there is a Liberal supplying provisions. Of the two Conservatives in question, the one who I believe is on the executive committee of the Conservative party supplied $17,565 worth of provisions, whereas the other one, who is not on the executive, supplied only about $2,000 worth.

Mr. GORDON: I understand camp supplies are arranged by contract.

Mr. HEENAN: I am only going by the record shown in the public accounts under the heading "provisions." I am satisfied the

goods were purchased, and proper value was given, but I am suggesting that there was not a square deal. I know the minister must have his hands full directing the affairs of the Department of Labour, to say nothing of his other duties. Had he had a commission, that body could have seen that the moneys were spent in the proper manner. There might have been some kind of arrangement whereby the provincial governments could supply machinery and camps and the Dominion government pay wages. A division of expenditures could have been arranged so that we would have known what we were paying.

I have before me this book containing the public accounts and I defy any lawyer or auditor in the world, in fact I defy any person except the man who compiled the book, to gain very much information from it. Here we find page after page containing the names of hundreds of men who received payments ranging from $1 up to $176,000. The book does not show whether the men in question lived in Kenora or in some other part of the province. That is all the information we have before us, unless the minister could give us more. I do not believe he has it in his department. Even if he had he could not take the time to tell us just where the money went. Had there been a commission the minister would have known by this time how many men were unemployed, and how many were on relief. He could have known the trades those men had followed. For instance, he could have told us how many miners, carpenters and machinists were unemployed. I agree with the hon. member for Témiscouata (Mr. Pouliot) when he says this is the information we ought to have for future reference, because, as stated by the hon. member for Winnipeg North Centre, even when we come to an end of this depression, unless there is a great change another will follow. With our new machinery and our added ability to produce more speedily and in larger quantities, unless our markets are enlarged it will not be many years before we have another period of depression, and my thought is that each succeeding depression will be more severe. So we ought to provide for that; we ought to know how many railway men we have out of work. I could tell you now pretty nearly how many you are going to throw out of work with the bill at present before the house, and those the railway companies with the encouragement of the present government have thrown out. We have a maximum of $20,000,000 to take care of those on relief. Where are you going to put all these railwaymen and their families? They have been working part time now for a number of years; they have no money put by. What are you going to do with them and with all those who are on relief at the present time—1,357,000? With $20,000,000 you would not give them five cents per head per day.

Mr. GORDON: That is five cents more than your party would give them.

Mr. HEENAN: We were giving men work at proper wages; we were not giving them doles. If the province had followed our lead and put on public works at proper wages the country would not be in the position it is in to-day. But you established this dole, and you see where it is leading. Having this information you would have known how many of various callings were out of work, would have been in a position to make provision for the future, would have known how these men could be fitted into occupations that we might be able to find for them.

As far as the provision relating to peace, order and good government is concerned, and having regard to the statement the Prime Minister made when he first introduced it, that its purpose was to take care of those who sought to disrupt our peace and harmony, and were not law-abiding citizens, I claim that provision has no business to be connected with an unempolyment relief measure. I consider it is an insult to the labour men of this country, who have shown the greatest of patience. I agree with our leader that there is time yet to appoint a commission; I think the government could get real value from it. We have had commissions on railways and commissions on radio and we are going to have a commission on finance; we have had commissions on the tariff, on the civil service, on almost everything in the world except the most important thing before us to-day, and that is the unemployment problem. I appeal once more to the government to appoint a commission so that we shall at least have some information on which to base our policy in the future. I appeal to the minister—I want the Finance minister to listen to me; the Minister of Labour cannot—he is occupied in talking to someone else. When the government first asked for $20,000,000 the Prime Minister said it was for the purpose of giving wages, and that it would operate in a non-partisan manner. I suppose we could bring up all sorts of cases from Nova Scotia, Quebec, British Columbia or somewhere else, but I am dealing only with the province I know and am here representing, and I say that when the president of a Conservative association in the hardware business in a little town like

Kenora can get $176,000 of business while a Liberal in a similar store gets only $373, it is not a square deal; it is not what this parliament intended. I oppose the third reading of the bill.

Mr. J. L. BROWN (Lisgar): Before this bill is read the third time I wish again to bring to the attention of the government a matter of which I have already spoken on a number of occasions, and I take this last opportunity to discuss it again. Perhaps the minister in charge of the bill will remember that when it was in the resolution stage, just before the Speaker left the chair, I mentioned the matter of potatoes. To some it may seem a small thing, but it is very important to the people affected, and although I have already stated the situation two or three times, it seems necessary to repeat it.

Last fall I received communications from my people requesting the privilege of bringing in potatoes free of duty from North Dakota. The first report was that they could get them for ten cents a bushel; indeed I think one telegram said six cents. To my request the Minister of National Revenue (Mr. Ryckman) replied by a question; he asked me if I thought ten cents a bushel was fair market value. I received further communications; this time my people could get these potatoes for nothing. Again I approached the Minister of National Revenue, but he told me there were better ways of dealing with the situation than by creating sectional tariffs. When I mentioned the matter on the last occasion I wanted to know what better way the government had in view to provide for the wants of these people than that of allowing them to get the potatoes in free. I received no answer on that occasion. I had decided that it would be necessary to let the matter drop, but since I last spoke of it in the house I have received another communication, which I propose to read. My first impulse was to read this letter to the house immediately on receiving it. I felt however that courtesy demanded that I again approach the minister. I did so and have waited until this moment to receive an answer, but so far none has been forthcoming.

The following is the letter I received:

Morden, Man.,
March 17, 1933.

Mr. J. L. Brown, M.P.,
House of Commons,
Ottawa.

Dear Mr. Brown,—

As I am the reeve of the municipality of Stanley now I am everlastingly asked why we cannot get potatoes from across the line as they are so cheap there. As I know, you have tried your best last fall to get the duty removed and failed, but now comes the time when people want a few bushels for seed and we wonder if it would be any good to try again. Dr. Wiebe—

Doctor Wiebe is the local member in the Manitoba house.

Doctor Wiebe said he would try and get a resolution through the provincial house regarding this. People have gone through the winter without any potatoes, or nearly so. We got a fine lot of vegetables donated by a society of Birtle last fall and we distributed them as fairly as we could. The largest family with fourteen at the table did not get any more than three small bags of potatoes and this is all they had all winter.

Hoping that you will try again and that you may succeed, I am,

Yours very truly,
J. H. Martens.

As I said, my first impulse was to bring the matter up when we were in the committee stage on this bill. However, I delayed, and I wrote this letter on March 22nd to the Minister of National Revenue:

Dear Sir,—

I am enclosing a copy of a letter from the reeve of a Manitoba municipality. In view of the communication that has passed between us in regard to this matter, there is no need for me to enter into further details. My first impulse on receiving this letter was to immediately read it in the house, and, if my sole desire were to make political capital out of the situation, I assure you this would afford me a good opportunity, as there is nothing that this government has done or failed to do, that has aroused greater resentment among the people of Manitoba than has this particular matter.

I shall be glad to hear from you at the earliest possible moment that you have decided to grant the request of these people with reference to the tariff on potatoes. If you cannot do this, then I want to know what is the better way that you suggested in a former communication.

Having refused to allow these people to supply their own needs in a way that would have cost the government nothing, I feel that their case demands special treatment and that some provision should be made for supplying them with the seed for the coming year. I do not know what the price of potatoes will be in Dakota this spring but naturally they cannot expect to get them as cheap as they could have last fall.

I bring this matter again to the attention of the minister directly in charge of this bill and I urge on him that he do something to implement the promise—perhaps it was not a promise, so I will say suggestion—that there was a better way of dealing with this question than by granting sectional tariffs. It would not have been an unheard of proceeding had the request of these people been granted. On two different occasions the government of Canada allowed seed to come in

from Dakota to serve a community only a little further west than the community referred to in this communication. On one occasion I brought the matter to the attention of the Liberal government and action was taken in less than two weeks. I had occasion to bring the matter to the attention of the present government and it took them about six months, when finally the request of the people to be allowed to import hay and straw free of duty was granted.

Now this is a serious matter to these people. I think the government has already received a resolution that was passed in the Manitoba legislature dealing with the same matter, and I may add that when it was being considered last fall the Manitoba government undertook to see that the privilege, if granted, would not be abused; that is to say, they undertook to see that no person should be allowed to make it a commercial transaction but that the people would supply only their own needs.

I again ask the minister in charge of this relief measure this question: What better way has the government in view to meet the situation than by creating a sectional tariff, according to the statement of the Minister of National Revenue? I call this to the hon. gentleman's attention now. I would have deferred making further reference to it, and giving the Minister of National Revenue a chance possibly to reply to my last communication. However, having waited some days, and no reply having been received, I deem it necessary, since the bill is about to get its third reading, to bring the matter once more to the attention of the government.

Mr. THOMAS REID (New Westminster): I have one suggestion to offer to the Minister of Labour. When the bill was being discussed in the house he intimated that it was the intention of the government to try to provide useful work for the thousands of single unemployed men in the camps in British Columbia. In that connection I have a suggestion which I think has merit. As the hon. gentleman well knows, our forests are being gradually depleted. In New Westminster we have a plant which is used for the extraction of seeds from coniferous trees such as spruce, firs and balsam. These seeds are shipped to practically every country in the world but we in Canada are not using any of them. We have also dominion national parks as well as the provincial parks, and I would suggest to the minister that when he is looking around for useful work for the thousands of single homeless men who have been fed and looked after during the past winter, the question of reforestation be given serious consideration. I do not think we should wait until all our forests are depleted. Why should Canada provide seed for every other country while we in this country do not take care of our own forests, looking to the future? I offer this suggestion to the minister in all seriousness. I submit that it is meritorious and should be carried out, in view of the fact that we have seed and we have land which originally grew forests and which is ready for another crop.

Mr. ANGUS MacINNIS (Vancouver South): Much as I should like to assist the government and give them a free hand in dealing with the problem of unemployment, I shall be compelled to vote against the bill in its present form. I had long an opinion that as far as giving relief to the unemployed was concerned, the reason the government wanted this power was not in order that they might have a free hand to give as much relief as possible to the unemployed but to give as little as possible. I am strengthened in that feeling by a statement made by the Prime Minister last year, when he said that having the bill in this form, without a definite figure for any particular need, the government had saved millions of the taxpayers' money. I am further strengthened in the conviction by the fact that this year the government have fixed a limit to the relief to be granted to the unemployed, notwithstanding that they have reserved the right for every other purpose, to spend as much as they wish.

Unemployment is increasing rapidly in this dominion. I am in constant touch with the unemployment situation in the city of Vancouver, from which I come, and the unemployed families on relief there now total almost ten thousand. The cost of relief in that city for the first two weeks of March, up to March 15, was $96,000 as compared with $74,000 last year, or an increase of $22,000. If we take the official weighted index of employment for the month of February and compare that with the weighted figure in the month of June, 1931, when the census was taken and when we got the most reliable figures with regard to unemployment conditions which we have yet had placed before us, we find that in June, 1931, the weighted number was 103·6, and the number of people in employment was 2,172,000. In February of this year the weighted index number was 76·8, a decline of 26·8. On the same basis the number of employed in February would

be 2,172,000, less the 26·8 per cent, or 1,590,000. So that on this basis the unemployed in the dominion at the present time number 1,025,400. In the face of this, and in view of the amount we have spent this year in direct relief, the government is placing a limit of $20,000,000 to meet such a situation—a situation which, as I have pointed out before, is constantly getting worse because the provincial governments and the municipalities are less able to take care of it than they were a year ago.

I am sorry I cannot give my support to the government in passing this measure as it stands at the present time, with a limit set to the amount which may be appropriated for direct relief.

Mr. BROWN: Has the minister any statement to make in reply to my question?

Mr. SPEAKER: The minister, on the third reading, has no right of reply.

The house divided on the main motion (Mr. Gordon) which was agreed to on the following division:

YEAS

Messrs:

Anderson (Toronto-High Park),
Arseneault,
Baker,
Barber,
Baribeau,
Barrette,
Belec,
Bennett,
Beynon,
Bourgeois,
Bowen,
Bowman,
Boyes,
Burns,
Bury,
Cantley,
Carmichael,
Chaplin,
Charters,
Cotnam,
Cowan (Port Arthur-Thunder Bay),
Cowan (Long Lake),
Davies,
Dickie,
Dorion,
Duranleau,
Embury,
Ernst,
Esling,
Fortin,
Fraser (Cariboo),
Gagnon,
Geary,
Gobeil,
Gordon,
Hay,
Irvine,
Kennedy (Peace River),
Kennedy (Winnipeg South Centre),
Laflèche,
Laurin,
Loucks,
Lucas,
Luchkovich,
Macdonald (Kings),
MacNicol,
McDade,
McGillis,
McGregor,
McLure,
Moore (Chateauguay-Huntingdon),
Myers,
Nicholson,
Peck,
Perley (Qu'Appelle),
Pickel,
Price,
Robinson,
Rogers,
Ryckman,
Sauvé,
Senn,
Shaver,
Simpson (North Simcoe),
Simpson (West Algoma),
Smith (Victoria-Carleton),
Smith (Cumberland),
Spankie,
Speakman,
Spencer,
Stanley,
Stevens,
Stewart (Leeds),
Stewart (Lethbridge),
Stinson,
Stirling,
Stitt (Nelson),
Stitt (Selkirk),
Sullivan,
Sutherland,
Swanston,
Tétreault,
Thompson (East Simcoe),
Weese,
Weir (Melfort),
White (London),
White (Mount Royal),
Wilson,
Wright.—89.

NAYS

Messrs:

Beaubien,
Bertrand,
Blair,
Bothwell,
Boulanger,
Bourassa,
Bradette,
Brasset,
Butcher,
Cardin,
Casgrain,
Chevrier,
Denis,
Desrochers,
Duff,
Dumaine,
Dupuis,
Euler,
Fafard,
Fontaine,
Gershaw,
Girouard,
Hall,
Hanson (Skeena),
Heaps,
Hurtubise,
Ilsley,
Jean,
King, Mackenzie,
MacInnis,
McIntosh,
McKenzie (Assiniboia),
Malcolm,
Mercier (Laurier-Outremont),
Motherwell,
Munn,
Neill,
Reid,
Rhéaume,
Sanderson,
Séguin,
Totzke,
Vallance,
Verville,
Weir (Macdonald),
Woodsworth.—46.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Anderson (Halton),
Arthurs,
Beaubier,
Bell (Hamilton),
Bell (St. Antoine),
Bell (St. John-Albert),
Black (Halifax),
Cahan,
Casselman,
Dupré,
Edwards,
Ganong,
Garland (Carleton),
Gott,
Guthrie,
Hackett,
Hanson (York-Sunbury),
Harris,
Johnstone,
Jones,
Larue,
Lawson,
Lennox,
MacDonald (Cape Breton),
MacMillan,
MacLaren,
McGibbon,
Maloney,
Factor,
Mitchell,
Ahearn,
Mercier (St. Henri),
Raymond,
Dubois,
Dubuc,
Rinfret,
Howard,
Ferland,
Elliott,
Deslauriers,
Goulet,
Rutherford,
Lapointe,
Perras,
Veniot,
Jacobs,
Donnelly,
MacLean,
Thauvette,
Gray,
Pouliot,
Urquhart,
Mackenzie (Vancouver),
Fiset, Sir Eugène,
Power,
Young,

Matthews,	Moore (Ontario),
Manion,	Hanbury,
Morand,	Parent,
Mullins,	Howden,
Murphy,	Stewart (Edmonton),
Perley, Sir George,	Marcil,
Pettit,	Bouchard,
Porteous,	Macphail, Miss,
Quinn,	Fournier,
Rhodes,	Ralston,
Ross,	Roberge,
Rowe,	Lacroix,
Ryerson,	Taylor,
Short,	Heenan,
Smoke,	Cayley,
Spence,	Fraser (Northumberland),
Spotton,	Hepburn,
Sproule,	Golding,
Tummon,	St-Père,
Turnbull,	McPhee,
Willis,	Brown.

Mr. McPHEE: I was paired with the hon. member for Regina (Mr. Turnbull). Had I voted I would have voted against the motion.

Mr. RYERSON: I was paired with the hon. member for Norfolk-Elgin (Mr. Taylor). Had I voted I would have voted for the motion.

Mr. GARLAND (Carleton): I was paired with the hon. member for Russell (Mr. Goulet). Had I voted I would have voted for the motion.

Mr. DONNELLY: I was paired with the hon. member for Cape Breton North-Victoria (Mr. Johnstone). Had I voted I would have voted against the motion.

Mr. MITCHELL: I was paired with the hon. member for Parry Sound (Mr. Arthurs). Had I voted I would have voted against the motion.

Mr. MULLINS: I was paired with the hon. member for St. Boniface (Mr. Howden). Had I voted I would have voted for the motion.

Mr. FACTOR: I was paired with the hon. member for Halton (Mr. Anderson). Had I voted I would have voted against the motion.

Mr. MACKENZIE (Vancouver): I was paired with the hon. member for Saskatoon (Mr. Macmillan). Had I voted I would have voted against the motion.

Mr. ST-PERE: I was paired with the hon. member for South Hastings (Mr. Tummon). Had I voted I would have voted against the motion.

Mr. MERCIER (St. Henri): I was paired with the hon. member for West Hamilton (Mr. Bell). Had I voted I would have voted against the motion.

Mr. MacLAREN: I was paired with the hon. member for Rimouski (Sir Eugene Fiset). Had I voted I would have voted for the motion.

[Mr. Speaker.]

Mr. GOLDING: I was paired with the hon. member for West Lambton (Mr. Sproule). Had I voted I would have voted against the motion.

Mr. SPENCE: I was paired with the hon. member for Northumberland, Ont. (Mr. Fraser). Had I voted I would have voted for the motion.

Mr. MURPHY: I was paired with the hon. member for West Edmonton (Mr. Stewart). Had I voted I would voted for the motion.

Mr. BLACK (Halifax): I was paired with the hon. member for Chicoutimi (Mr. Dubuc). Had I voted I would have voted for the motion.

Mr. MacLEAN: I was paired with the hon. member for Royal (Mr. Jones). Had I voted I would have voted against the motion.

Mr. SMOKE: I was paired with the hon. member for South Oxford (Mr. Cayley). Had I voted I would have voted for the motion.

Mr. HARRIS: I was paired with the hon. member for Cartier (Mr. Jacobs). Had I voted I would have voted for the motion.

Mr. FOURNIER (Translation): I was paired with the hon. member for Halifax (Mr. Quinn). Had I voted I would have voted against the motion.

Mr. THAUVETTE (Translation): I was paired with the hon. member for Matane (Mr. Larue). Had I voted I would have voted against the motion.

Mr. RAYMOND (Translation): I was paired with the hon. member for St. Antoine (Mr. Bell). Had I voted I would have voted against the motion.

Mr. DUPRE (Translation): I was paired with the hon. member for Joliette (Mr. Ferland). Had I voted I would have voted for the motion.

Mr. ROBERGE (Translation): I was paired with the hon. member for Kingston (Mr. Ross). Had I voted I would have voted against the motion.

Mr. POULIOT (Translation): I was paired with the hon. member for North York (Mr. Lennox). Had I voted I would have voted against the motion.

Mr. PARENT (Translation): I was paired with the hon. member for East Essex (Mr. Morand). Had I voted I would have voted against the motion.

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

INCOME WAR TAX ACT

The house resumed from Tuesday, January 31, consideration in committee of Bill No. 11, to amend the Income War Tax Act—Mr. Rhodes—Mr. Cowan (Port Arthur) in the chair.

On section 10—Application of sections.

The CHAIRMAN (Mr. Cowan, Port Arthur): I am told that all the sections have been passed with the exception of section 10. Shall section 10 carry?

Section agreed to.

Mr. RHODES: I have one amendment to propose which I think will not be questioned. I wish to add section 11, to correct an error in the French version. My hon. friend the Minister of National Revenue will move the amendment. This is to make the French version conform to the English version, which was amended in 1926. That amendment was not inserted in the French version in the revised statutes of 1927, and this is merely to correct that error.

Mr. RYCKMAN: I move that the bill be amended by adding at the end thereof the following section:

11. Section 79 of the French version of the said act is amended by inserting the words "au moins" after the words "d'une amends de vingt-cinq piastres," in the said section.

Mr. MACKENZIE KING: Just for the sake of information I should like to ask the minister if there is not some general rule or law which covers the translation of statutes that would render this amendment unnecessary?

Mr. RHODES: There is some such rule but apparently this was a pure omission in the codification of the law in 1927. This is merely to make the law conform to the actual bill that was passed.

Mr. MACKENZIE KING: It does seem to me that somewhere there is a statute that governs. If a bill passes this house in one language to all intents and purposes it is passed in both. Surely it is not necessary to bring in an amendment to the French translation of an English bill which has passed the house.

Mr. BENNETT: The right hon. gentleman has overlooked the fact that this was a revised statute. When the revision was made some words were omitted and there is no provision by which they can be added unless an amendment is made to put them into the French version. The same thing happened in one or two other measures, only the words were left out in the English version. Perhaps the right hon. gentleman will recall that we had to amend the English version of one of the revised statutes because in the revision words were left in that should have been deleted and in one case words were added that should not have been there.

Mr. MACKENZIE KING: The revised statutes?

Mr. BENNETT: Yes. In an ordinary statute, as the right hon. gentleman says, the matter would have been covered by the ordinary rule.

Amendment agreed to.

Bill reported, read the third time and passed.

SUPPLY

DEPARTMENT OF IMMIGRATION

The house in committee of supply, Mr. Cowan (Port Arthur-Thunder Bay) in the chair.

Immigration and Colonization—salaries and contingencies, $228,042.

Mr. MACKENZIE KING: This is under civil government, is it?

Hon. W. A. GORDON (Acting Minister of Immigration and Colonization): Yes.

Mr. MACKENZIE KING: The minister, ever since this session opened, has been inveighing pretty strongly against immigration, but he does not seem to have reduced his staff to any extent. How does he reconcile his view that we ought to end immigration with the fact he is still maintaining such a staff?

Mr. GORDON: If the right hon. gentleman will look at the figures for 1929-30, 1930-31, 1931-32, and 1932-33 and note the comparison, he will see that there has been a very large reduction in expenditures, but the reduction this year is not so large because I find that the inspectional service along the international boundary is unquestionably a much more difficult task at the present time than it has been for many years past. For some reason—and perhaps this may be an indication of the fact that Canada is not as bad a place as we paint it in this chamber—many people are seeking admittance. Of course at any time undesirables should be excluded, but at this time even people who under normal conditions might be desirable, have to be inspected with a good deal of care in order that our labour market may not suffer by the admission of persons who will enter

industry and other activities, thus rendering the position of our own workmen more difficult. That is the main reason why very little decrease is shown in civil government this year.

Mr. SPEAKMAN: I should like to ask rather a general question: When the Minister of Finance introduced his budget, he indicated that there would be a further cut in all the estimates averaging about ten per cent in each department. These estimates of course, do not indicate that cut. Are we to understand that each of these estimates will be cut by ten per cent, or are we voting the full amount without that deduction, the government, while having that full amount voted, in the budget pledging themselves to spend only ninety per cent of the money voted?

Mr. GORDON: The decrease that is indicated in item 18 is by reason of a reduction in salaries and of not filling positions that have become vacant.

Mr. SPEAKMAN: That is not my question.

Mr. GORDON: There is a ten per cent deduction from the vote as indicated, the details of which are found on page 74.

Mr. SPENCER: With regard to the Canadian doctors who were sent to Great Britain and Europe when immigration was coming to this country in good volume, has it been found possible, now that immigration has been reduced considerably, to cut down that staff of doctors?

Mr. GORDON: Yes, the staff has been reduced very materially. Right now we have about six doctors, while prior to, say, three years ago, we had something like fifteen or sixteen.

Mr. SPENCER: Where are they stationed?

Mr. GORDON: Three are stationed in Great Britain and three on the continent, one at Paris, one at Antwerp, and one I think at Rotterdam.

Mr. SPEAKMAN: I do not think the minister quite caught the gist of my question; I may not have put it clearly. It was this: When the budget was presented, the Minister of Finance made the statement that in addition to the reduction in expenditures as shown in the estimates as they now appear, a ten per cent flat deduction would be made in the interests of economy. That deduction does not, of course, appear in the estimates because they were prepared and presented to the house before the Minister of Finance made his statement. Are these estimates to be considered as being voted less ten per cent, or are we voting the original amount and does the government then in effect pledge itself to expend only ninety per cent of the money now voted, in order to comply with the statement of the Minister of Finance that an additional cut would be made in the estimates of ten per cent in the interests of economy?

Mr. GORDON: With respect to at least the item at present under discussion the decrease as shown, plus the ten per cent statutory deduction, is all that the government has in contemplation unless during the course of the year some further reductions can be made. This vote, as I have indicated, covers salaries for officers on the boundary and in Europe, and there will be no further ten per per cent cut.

Mr. SPEAKMAN: The further ten per cent reduction as intimated by the Minister of Finance will not apply to the salary votes but only to the other votes?

Mr. GORDON: That is the way I understand it.

Mr. SPEAKMAN: I was wondering just where it did apply.

Mr. MALCOLM: It is hard to determine exactly what the salaries are under the Department of Immigration and Colonization, as they are spread over so many votes; for instance, under vote 18, the details of which are shown on page 74, and then under vote 63 we have immigration, salaries and contingencies, $1,417,000. Can the minister tell us what salaries would be included under vote 63 in addition to those detailed on page 74?

Mr. GORDON: The item we are now discussing is for salaries at Ottawa generally speaking—

Mr. MALCOLM: The permanent staff?

Mr. GORDON: Generally speaking, and the others are outside of Ottawa, in Europe and on the boundary.

Mr. MALCOLM: Under item 18, according to the details set out on page 74, the total staff cost $228,380, from which is deducted the statutory ten per cent, leaving a balance of $205,542. I undertood the minister to say a moment ago that the promised economy of the Minister of Finance in his budget speech of a few days ago will not have any effect on this vote. Might I ask the minister, in view of the desire of the Minister of Finance to effect economies, why he needs to retain at this time, when he is not encouraging immigration, a director of publicity at $4,320, and

an assistant director of publicity at $3,000? What publicity are we engaging in to secure immigration at the moment, when it has been intimated we are trying to discourage it?

Mr. GORDON: The publicity branch, when I took charge of the department, was quite a large one. Now it consists of the officers as indicated, a director of publicity, with an assistant and, I think, one or two stenographers. Their work consists of answering communications from the United States, because it will be recalled that up until two years ago we had some sixteen officers, if I remember correctly, in various parts of the United States, and we had many forms of advertising in Great Britain and on the continent, showing the opportunities and attractiveness of Canada to people who might come to this country and colonize. That staff was entirely done away with following the policy inaugurated in the fall of 1930. The designation of the position, director of publicity, is hardly a correct one, but it was the designation given by the Civil Service Commission when the office was created, and it has been retained. The activities of these four officers are in assisting the attempt that we are making to do some colonizing at home, a matter which has been discussed very often in this house, and I can assure the committee that these men are working and earning their money. It is, comparatively speaking, a very small staff.

Mr. MACKENZIE (Vancouver): In regard to the ten per cent deduction of $22,838, as shown on page 74 of the details, I presume that that cut applies to certain ex-service men on the staff. Will the proposed pensions deductions referred to in the budget the other day apply to these men, plus the ten per cent reduction referred to in the item, amounting to $22,838?

Mr. GORDON: I prefer to let the Minister of Finance answer the question, but if my information is helpful I would suggest that it would apply.

Mr. MACKENZIE (Vancouver): So that we may have the ten per cent reduction applying to all, and the special pension reduction under the terms of the budget?

Mr. GORDON: I should think so, yes.

Mr. LUCAS: Have we any immigration officials in the United States at the present time?

Mr. GORDON: No.

Mr. POULIOT: As the Department of Immigration is a minor department, and as the Department of Labour is one of the important departments, would it not be more appropriate for the minister to be called the Minister of Labour and acting Minister of Immigration, instead of Minister of Immigration and acting Minister of Labour?

Mr. GORDON: I do not know that it would make much difference—"A rose by any other name...."—but the fact is that I have been appointed Minister of Labour and am acting Minister of Immigration.

Mr. MACKENZIE KING: How many immigrants have come into Canada during the last year, and from where?

Mr. GORDON: I shall have that information in a minute, if the right hon. gentleman would let the matter stand.

Mr. MACKENZIE KING: Are there as many immigrants as there are members of the staff?

Mr. GORDON: In 1931 there were 27,530 immigrants admitted, and in 1932, there were 20,591.

Mr. MACKENZIE KING: What countries were they from, chiefly?

Mr. GORDON: In 1931: British, 7,678; United States, 15,195; all other countries, 4,657. In 1932: British, 3,327; United States, 13,709; all other countries, 3,555.

Mr. BENNETT: Canadians coming home.

Mr. MACKENZIE KING: Has the minister any way of telling whether any of these immigrants have received relief since coming to Canada, or whether they have been self-supporting?

Mr. GORDON: I think I am safe in saying that the great majority of these immigrants are the wives and children of men who have been legally admitted. In each case before the wives and children are admitted investigations are made to see that the heads of the families here are established ready and willing to support the people coming in. I have heard of no case where any immigrant admitted since 1930 has had to accept relief in any way.

Mr. MACKENZIE (Vancouver): Of the total sum of over $1,641,000 for the Department of Immigration, what is the estimate of the amount that can be saved by the suggested pension legislation contained in the budget address? Has any estimate been made?

Mr. GORDON: I presume the hon. member is speaking of the vote contained under civil government?

Mr. MACKENZIE (Vancouver): Yes, vote 63 plus the civil government vote.

Mr. GORDON: I think it will be found that very little, if any, further reduction can be made. An extensive reorganization of this department took place about eighteen months ago. A great number were retired and I seriously doubt if any further reductions can be made and the necessary efficiency maintained.

Mr. MACKENZIE (Vancouver): I do not think the minister understands my question. Would he make an estimate of the amount of money which would be saved to the treasury out of this $1,641,000 as a result of ex-service men having to forego either pensions or salaries?

Mr. BENNETT: Not their pensions.

Mr. MACKENZIE (Vancouver): Their salaries.

Mr. GORDON: No estimate was made with respect to that.

Mr. MITCHELL: I should like to ask whether the government has in mind compliance with the convention of the International Labour office with respect to the exchange of the publication of information and statistics on immigration and emigration?

Mr. GORDON: I have not sufficient material before me to answer the hon. member, but I believe the question might better be put when Labour estimates are under consideration. It would seem however that this and the preceding government endeavoured to carry out all their obligations and commitments with respect to the matter to which the hon. member has just referred. I shall look into the matter and when the Labour estimates are under review shall be glad to give any information I have.

Mr. MITCHELL: This is definitely an immigration matter. I have long felt that there should be some statistics on record concerning immigration. I do not believe it should be necessary to put a question on the order paper to learn about the flow backwards and forwards of the various nationalities. That information should be available to hon. members, and possibly could be made up twice yearly, or at some other definite period.

Mr. GORDON: Each month a statement covering the information to which the hon. member has referred is issued to the public press by the Department of Immigration, and annually a very detailed statement is printed, published and laid upon the table of the house in which all the information to which reference has been made is set out in detail.

Mr. SPEAKMAN: Has the minister the number of immigrants who have left the country during the past year, voluntarily and involuntarily? I was wondering how they balanced.

Mr. GORDON: The only figures available would be with respect to cases which have come under review by the department. I do not think we have any record of those who left voluntarily.

Mr. SPEAKMAN: In other years the minister has had the information,—obtained, I imagine either from the border officials or from officials of the country to the south. From time to time reasonably close estimates have been made of the numbers who had left the country during the year. I was wondering if the Minister has such figures at hand, because these questions are asked annually, and usually are answered.

Mr. GORDON: No record is kept of those who leave the country voluntarily. I am fairly certain that the number is comparatively small.

Mr. MALCOLM: Has the minister a record of the number of Canadians returning from the United States during the past year

Mr. GORDON: A statement of that kind we get from the American authorities.

Mr. MALCOLM: Surely we keep those figures ourselves?

Mr. GORDON: I have not the figures before me at the moment, but I will get them.

Mr. MALCOLM: I submit that the figure it is difficult to get is the number of Canadians going across the border outward bound. But we do through our immigration officials have the figures of those coming in.

Mr. GORDON: Before the estimates are finally disposed of I will investigate and have a statement made.

Item agreed to.

Progress reported.

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

END OF VOLUME III.